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Module 5

CAREER AND LIFE MANAGEMENT

LEARNING FACILITATOR'S MANUAL

Module 5 Independent Living

Note

This Social Studies Learning Facilitator's Manual contains answers to teacher-assessed assignments and the final test; therefore, it should be kept secure by the teacher. Students should not have access to these assignments or the final tests until they are assigned in a supervised situation. The answers should be stored securely by the teacher at all times.

Career and Life Management 20
Learning Facilitator's Manual
Module 5
Independent Living
Alberta Correspondence School
ISBN No. 0-7741-0048-6

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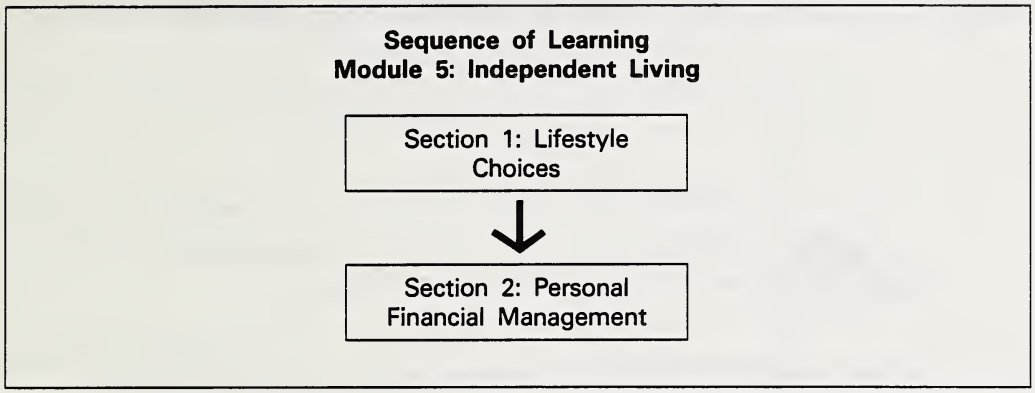
Module 5 - Independent Living: Overview


Sequence of Learning
Module 5: Independent Living
Section 1: Lifestyle Choices
Section 2: Personal Financial Management

Content:

Section 1 of Module 5 surveys the impact one's lifestyle has on the choices one makes in life and, conversely, how the choices one makes impact upon one's future lifestyle. The section discusses, in general terms, the importance of setting goals and marshalling available resources to achieve these goals.

In Section 2, wise management of financial resources is surveyed in some detail. Students are guided through exercises designed to increase their skill in budgeting, consumerism and the use of financial institutional services, credit, and insurance services.

Resources and Materials

The audiotape *Moving Out* is required for the module. The videotape *Something Borrowed, Something Blue* is required on an optional basis. Scripts for the audiotape *Moving Out* the videotape *Something Borrowed, Something Blue* are supplied in the Appendices of Module Booklet 5. The magazine *Moving Out* is also reprinted as part of these appendices.

In order to complete the activities and assignments of this module, the student must have access to several peers and older adults for interview purposes. The student must also have access to the classified section of a newspaper (or other source, for information on property rental), a local grocery store (for pricing purposes), a local automobile insurance company (for insurance quotes), and several local financial institutions (for account information). Contact with financial and insurance institutions may be made by mail if personal contact is not possible.

Guest speakers from consumer organizations and local insurance and financial institutions would be an excellent idea, if these representatives were willing to speak directly to the concerns of young people.

Introducing the Module

An analogy between a branching river system and a person's life pattern could be made:

The person in the canoe, travelling the river, faces a number of choices. Each choice made affects the traveller's further choices and final destination. It is possible for the traveller to change his mind about a choice and paddle back to a junction, but this can be expensive in time and effort.

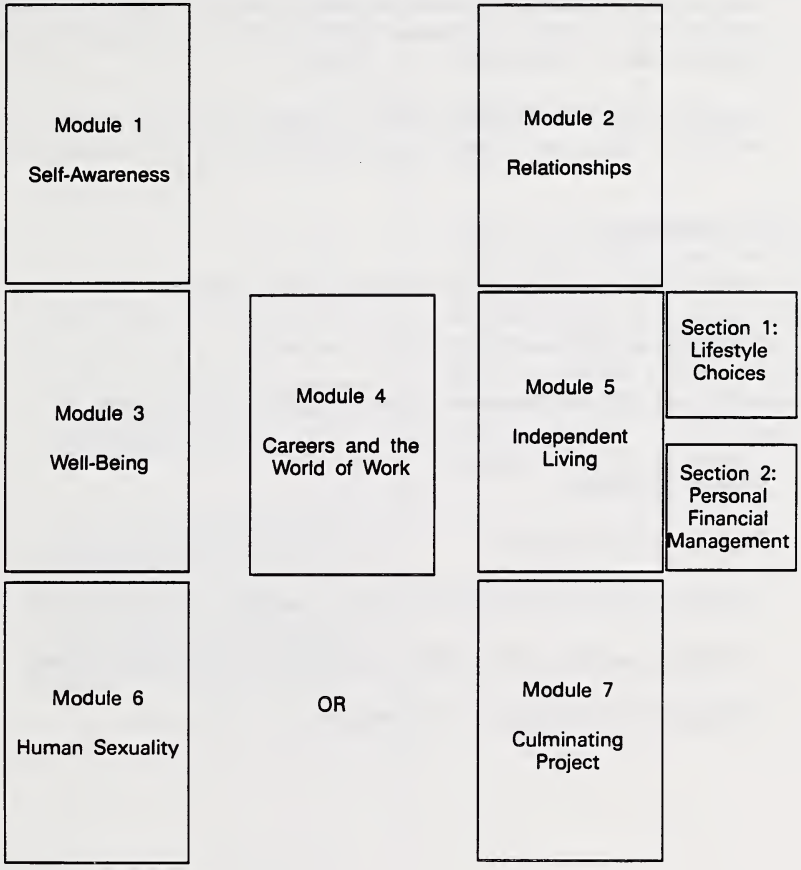
Similary, each time a person makes a choice in life, this choice affects his or her further choices. A learning facilitator could illustrate this by sharing events in his own life, telling about influences on his life pattern and possible other routes which were given up.

Discussion could also draw a parallel between the canoeist realizing he has made a wrong choice by taking the wrong tributary and changing one's mind about lifestyle choices. A student could also be asked what equipment and skills are necessary for the river canoeist to make a safe and comfortable trip. A parallel could be drawn between this preparation and knowledge on the part of the canoeist, and the knowledge, skills and preparation helpful to the life traveller (e.g. financial skills, decision-making skills, and consumer skills).

A bulletin board display showing the "strings attached" to independent living (e.g. buying food, paying rent, financial management, cleaning, decision-making, etc.) could be set up for visually-oriented students.

Evaluation

It is suggested that assignments for this module be evaluated as 15% of the final course grading.



The mark breakdown is as follows:

Section 1	25	marks
Section 2	75	marks
	100	marks

Section 1 - Lifestyle Choices

Introduction

This section of the module will encourage students to evaluate their lifestyle and decide whether the personal and community resources they have at hand are being wisely used. The section emphasizes the idea that the senior high student is in the process of making a number of choices which will influence and be influenced by his lifestyle.

Activities in the module guide students to survey their lifestyle values, various resources they have available to them, and various lifestyle factors which are presently affecting their choices.

Key Concepts

- The choices one makes will determine one's lifestyle.
- One's values determine the choices one makes.
- The availability of resources varies throughout the life cycle.

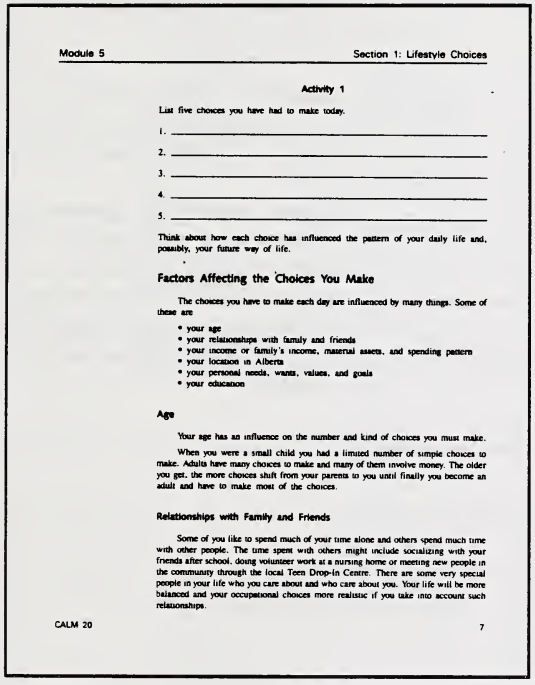
Section Objectives

Students will be able to

- recognize the range of lifestyle choices available and how personal values relate to lifestyles
- recognize personal and combined resources to meet personal needs, wants and lifestyles
- recognize that resources vary throughout one's life cycle.

Student-Assessed Activities: Answers and Comments Concerning Activity Use

Note: It is expected that the learning facilitator will have read all comments to students concerning activities. These comments are contained in the Appendices of each Module Booklet.



Module 5 — Section 1: Lifestyle Choices

Activity 1

List five choices you have had to make today.

1. _____
2. _____
3. _____
4. _____
5. _____

Think about how each choice has influenced the pattern of your daily life and, possibly, your future way of life.

Factors Affecting the Choices You Make

The choices you have to make each day are influenced by many things. Some of these are

- your age
- your relationships with family and friends
- your income or family's income, material assets, and spending pattern
- your location in Alberta
- your personal needs, wants, values, and goals
- your education

Age

Your age has an influence on the number and kind of choices you must make.

When you were a small child you had a limited number of simple choices to make. Adults have many choices to make and many of them involve money. The older you get, the more choices shift from your parents to you until finally you become an adult and have to make most of the choices.

Relationships with Family and Friends

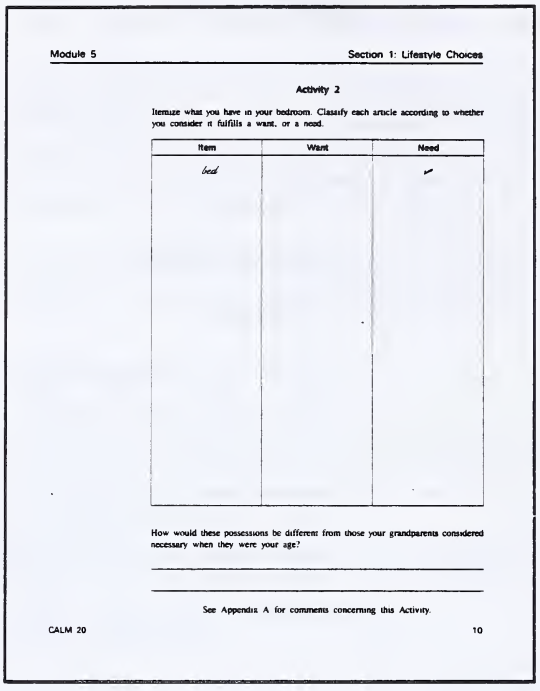
Some of you like to spend much of your time alone and others spend much time with other people. The time spent with others might include socializing with your friends after school, doing volunteer work at a nursing home or meeting new people in the community through the local Teen Drop-In Centre. There are some very special people in your life who you care about and who care about you. Your life will be more balanced and your occupational choices more realistic if you take into account such relationships.

CALM 20 — 7

Section 1: Activity 1

Comments:

Students should be reassured that choices listed in this activity need not be weighty choices. Choices can be as minimal as deciding what to wear in the morning. If the students are encouraged alone, or as a group, to consider influences impinging on these choices, they should recognize factors such as finances, peer pressure, family pressures, desires and values.



Module 5 Section 1: Lifestyle Choices

Activity 2

Itemize what you have in your bedroom. Classify each article according to whether you consider it fulfills a want, or a need.

Item	Want	Need
bed		✓

How would these possessions be different from those your grandparents considered necessary when they were your age?

See Appendix A for comments concerning this Activity.

CALM 20 10

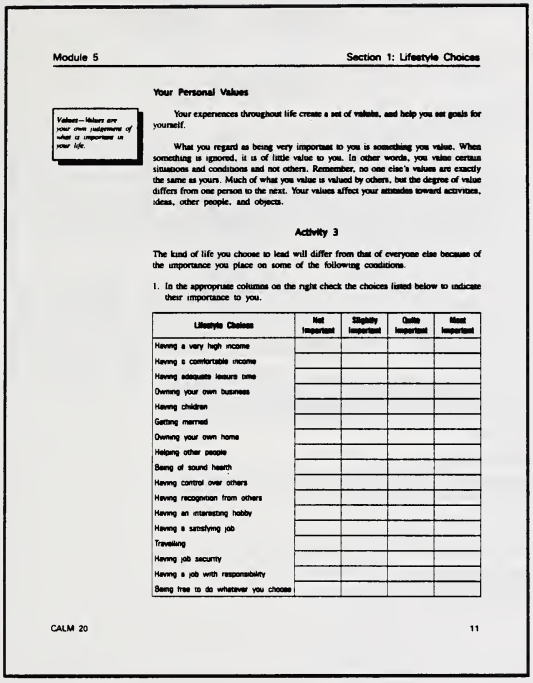
Section 1: Activity 2

Comments:

After individual completion of these lists, students may be willing to share list items as part of a group discussion about the difference in definition between wants and needs.

Discussion may result in an appreciation that the distinction between a want and a need is, to some degree, subjective.

If the needs of the present generation are compared to the needs of the student's parents and grandparents, it may become obvious that one's idea of what is necessary is conditioned by the material assets enjoyed — what we have influences what we think is necessary.



Module 5 Section 1: Lifestyle Choices

Your Personal Values

Values—Values are your own judgement of what is important in your life.

Your experiences throughout life create a set of values, and help you set goals for yourself.

What you regard as being very important to you is something you value. When something is ignored, it is of little value to you. In other words, you value certain situations and conditions and not others. Remember, no one else's values are exactly the same as yours. Much of what you value is valued by others, but the degree of value differs from one person to the next. Your values affect your attitudes toward activities, ideas, other people, and objects.

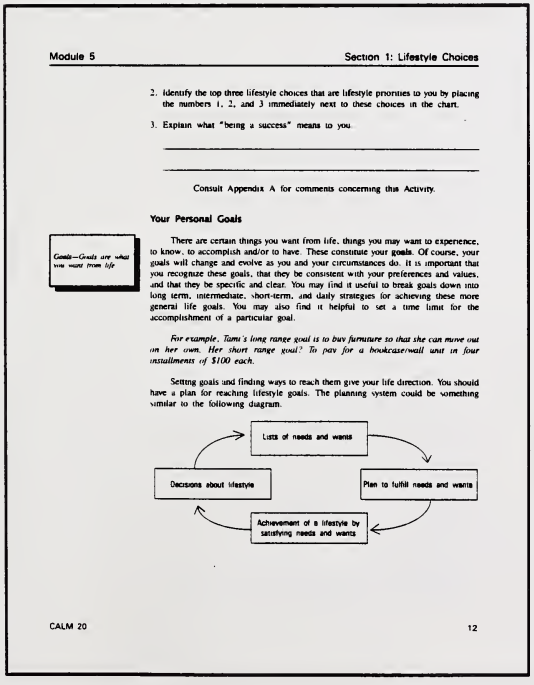
Activity 3

The kind of life you choose to lead will differ from that of everyone else because of the importance you place on some of the following conditions.

1. In the appropriate columns on the right check the choices listed below to indicate their importance to you.

Lifestyle Choices	Not Important	Slightly Important	Quite Important	Most Important
Having a very high income				
Having a comfortable income				
Having adequate leisure time				
Owning your own business				
Having children				
Getting married				
Owning your own home				
Helping other people				
Being of sound health				
Having control over others				
Having recognition from others				
Having an interesting hobby				
Having a satisfying job				
Travelling				
Having job security				
Having a job with responsibility				
Being free to do whatever you choose				

CALM 20 11



Module 5 Section 1: Lifestyle Choices

2. Identify the top three lifestyle choices that are lifestyle priorities to you by placing the numbers 1, 2, and 3 immediately next to these choices in the chart.

3. Explain what "being a success" means to you.

Consult Appendix A for comments concerning this Activity.

Your Personal Goals

Goals—Goals are what you want from life

There are certain things you want from life, things you may want to experience, to know, to accomplish and/or to have. These constitute your **goals**. Of course, your goals will change and evolve as you and your circumstances do. It is important that you recognize these goals, that they be consistent with your preferences and values, and that they be specific and clear. You may find it useful to break goals down into long term, intermediate, short-term, and daily strategies for achieving these more general life goals. You may also find it helpful to set a time limit for the accomplishment of a particular goal.

For example, Tami's long range goal is to buy furniture so that she can move out on her own. Her short range goal? To pay for a bookcase/wall unit in four installments of $100 each.

Setting goals and finding ways to reach them give your life direction. You should have a plan for reaching lifestyle goals. The planning system could be something similar to the following diagram.

Lists of needs and wants
Plan to fulfill needs and wants
Achievement of a lifestyle by satisfying needs and wants
Decisions about lifestyle

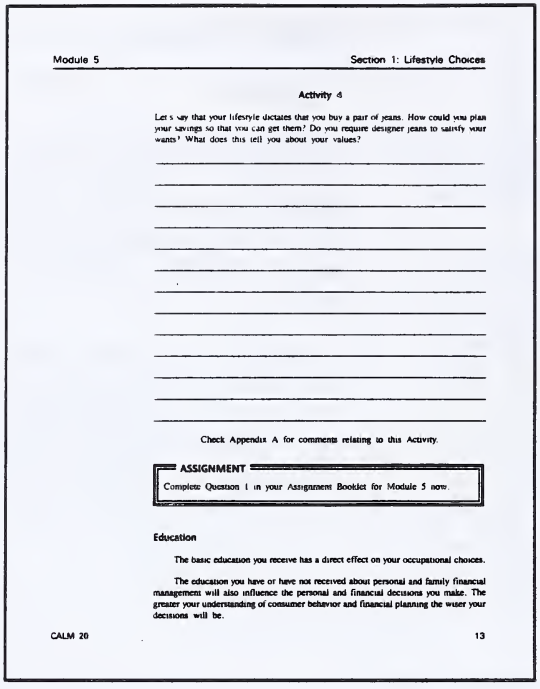
CALM 20 12

Section 1: Activity 3

Comments:

Throughout the course, students have been encouraged to consider their strongest values. This activity asks students to rank general lifestyle values in order of priority and to consider a definition of personal success.

If students share results of this activity, it may become obvious that success means different things to different people. More or less consistent indicators of success in the community may also be discovered and societal pressures in this regard analysed.



Module 5 Section 1: Lifestyle Choices

Activity 4

Let s say that your lifestyle dictates that you buy a pair of jeans. How could you plan your savings so that you can get them? Do you require designer jeans to satisfy your wants? What does this tell you about your values?

Check Appendix A for comments relating to this Activity.

ASSIGNMENT

Complete Question 1 in your Assignment Booklet for Module 5 now.

Education

The basic education you receive has a direct effect on your occupational choices.

The education you have or have not received about personal and family financial management will also influence the personal and financial decisions you make. The greater your understanding of consumer behavior and financial planning the wiser your decisions will be.

CALM 20 13

Section 1: Activity 4

Comments:

This activity has several purposes. It encourages students to look at a specific choice situation and analyse the meaning of their choice regarding values.

It also encourages students to analyse the specific resources they presently have available and to recognize that more than one resource can be used to get the same results.

Parenting

Dora's son David is now seven months old. Dora is lonely and frustrated, but a proud mother. Dora dropped out of school and moved in with Brian after she became pregnant. Brian had said he would take care of her and their son, but three months after David was born, Brian said he had a job in another town and disappeared. Dora got a job as a waitress, but found that after paying someone to look after David she had no money to live on and would have more money if she were on social assistance.

David also takes a great deal of Dora's time. He is always crying to be fed or changed. Dora no longer has time to do the things other 18-year-old girls enjoy. Nor does she have money to pay for more than necessities. She no longer has money for new clothes or for going out with her friends.

Talk to friends or relatives who have recently become parents. Try to find out how their lifestyle has changed. What do they no longer do that they used to enjoy doing? How do they spend most of their leisure time now? Has money become more of a problem? Do they still see the same friends and as often as before the baby arrived?

Activity 5

1. Each choice you make may have several influencing factors. For each of the five choices that you stated you made in Activity 1, list the factors that most affected your choices.

a. _____

_____

_____

b. _____

_____

c. _____

_____

_____

d. _____

_____

_____

e. _____

_____

_____

2. What are some factors not discussed in this lesson that affect the choices you make?

_____

_____

_____

_____

_____

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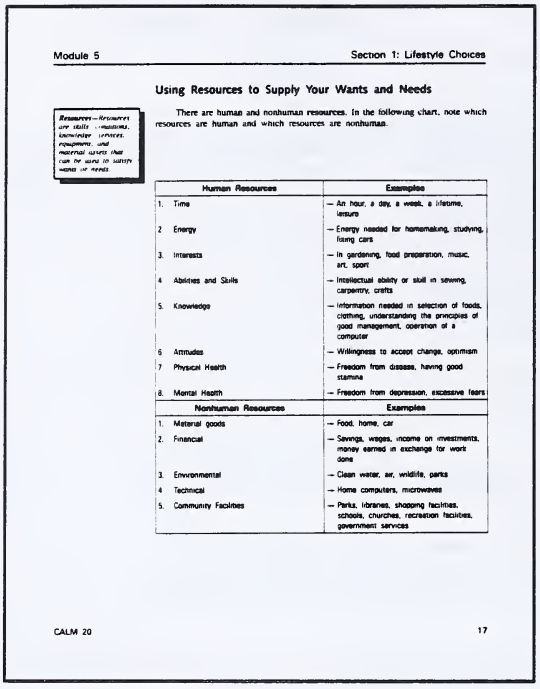
Check Appendix A for comments concerning the first question in this Activity.

Section 1: Activity 5

Comments:

This activity stimulates a personal investigation of lifestyle influences.



Module 5 Section 1: Lifestyle Choices

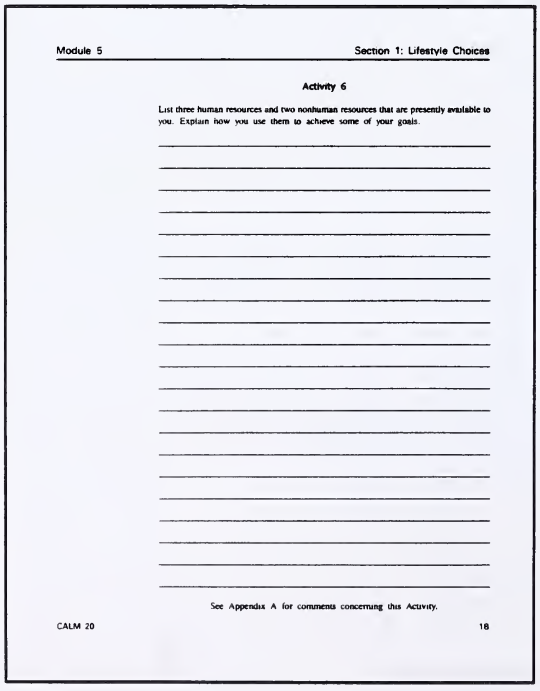
Using Resources to Supply Your Wants and Needs

Resources — Resources are skills, materials, knowledge, services, equipment, and material assets that can be used to satisfy wants or needs.

There are human and nonhuman resources. In the following chart, note which resources are human and which resources are nonhuman.

Human Resources	Examples
1. Time	— An hour, a day, a week, a lifetime, leisure
2. Energy	— Energy needed for homemaking, studying, fixing cars
3. Interests	— In gardening, food preparation, music, art, sport
4. Abilities and Skills	— Intellectual ability or skill in sewing, carpentry, crafts
5. Knowledge	— Information needed in selection of foods, clothing, understanding the principles of good management, operation of a computer
6. Attitudes	— Willingness to accept change, optimism
7. Physical Health	— Freedom from disease, having good stamina
8. Mental Health	— Freedom from depression, excessive fears
Nonhuman Resources	**Examples**
1. Material goods	— Food, home, car
2. Financial	— Savings, wages, income on investments, money earned in exchange for work done
3. Environmental	— Clean water, air, wildlife, parks
4. Technical	— Home computers, microwaves
5. Community Facilities	— Parks, libraries, shopping facilities, schools, churches, recreation facilities, government services

CALM 20 17



Module 5 Section 1: Lifestyle Choices

Activity 6

List three human resources and two nonhuman resources that are presently available to you. Explain how you use them to achieve some of your goals.

See Appendix A for comments concerning this Activity.

CALM 20 18

Section 1: Activities 6 and 7

Comments:

These activities encourage a personal investigation of needs and the resources the student has available to meet them.

In the case of Activity 7, students are encouraged to devise ways to make good use of time to better achieve their goals.

Activity 7

Using the following Time Record Sheet, keep a diary record of everything you do and spend your time on during the next twenty-four hours. Total the time spent on each type of activity. Examine the results.

Time Record Sheet

Sleeping		Grooming (Bathing, Dressing)		Eating (Meals, Snacks)		Commuting (Including Waiting)		Attending School Classes	
Hours	Minutes	Hours	Minutes	Hours	Minutes	Hours	Minutes	Hours	Minutes
Total:		Total:		Total:		Total:		Total:	

Studying Outside School Hours		Visiting Socially		Participating in Leisure Activities		Helping at Home		Working Outside the Home	
Hours	Minutes	Hours	Minutes	Hours	Minutes	Hours	Minutes	Hours	Minutes
Total:		Total:		Total:		Total:		Total:	

Total Time:

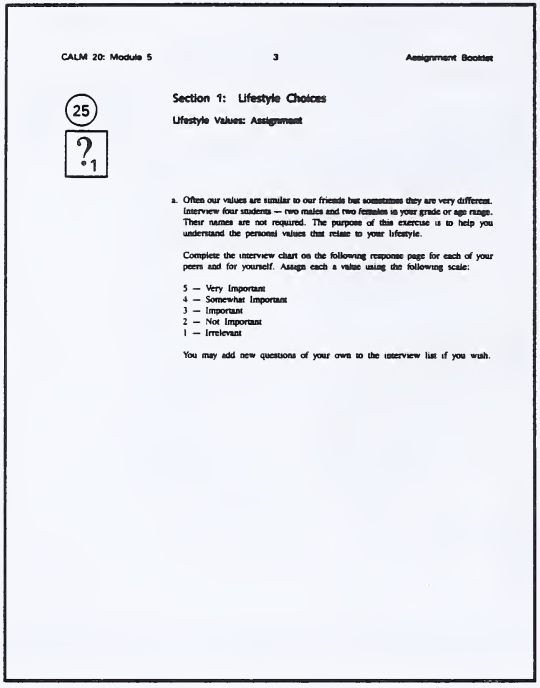
1. Is the distribution of time you spent on each activity satisfying to you?

2. Are you getting all you want from your twenty-four hours? Explain.

3 In what ways could you improve your use of time?

You may wish to discuss the Activity with someone who knows you well for their observations and suggestions. Also, see Appendix A for comments concerning this Activity.

Teacher-Assessed Assignments



CALM 20: Module 5 3 Assignment Booklet

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Section 1: Lifestyle Choices

Lifestyle Values: Assignment

a. Often our values are similar to our friends but sometimes they are very different. Interview four students — two males and two females in your grade or age range. Their names are not required. The purpose of this exercise is to help you understand the personal values that relate to your lifestyle.

Complete the interview chart on the following response page for each of your peers and for yourself. Assign each a value using the following scale:

5 — Very Important
4 — Somewhat Important
3 — Important
2 — Not Important
1 — Irrelevant

You may add new questions of your own to the interview list if you wish.

Section 1: Question 1

Comments:

One should expect similar values within peer groups. The student, if he values conformity, will have values very similar to the peers he interviewed.

CALM 20: Module 5 5 Assignment Booklet

Lifestyle Values: Response Page

a.

Interview Chart					
Personal Values	Yourself	Person 1	Person 2	Person 3	Person 4
1. Planning for your future — e.g. a career					
2. Considering other people's opinions when making a decision					
3. Trying to make a good impression on other people					
4. Having the freedom to do the things I want to do					
5. Doing new and different things often					
6. Trying to create a pleasant atmosphere at home					
7. Doing what is right according to what I believe					
8. Having things neat, orderly and well organized					
9. Planning so I can get as much as possible for my money					
10. Looking for good workmanship or doing things well myself					
11. Spending much of my time with my friends					
12. Completing high school because it will help me in the future					

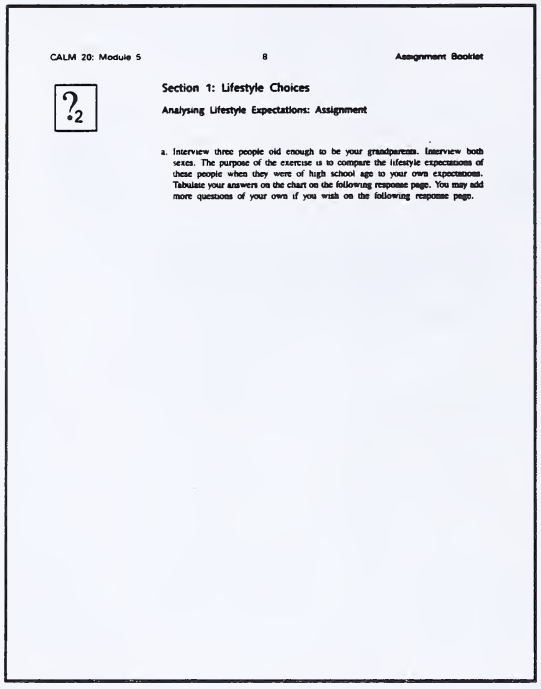
Name of Student _____ Student I.D.# _____

Name of School _____ Date _____

CALM 20: Module 5 6 Assignment Booklet

Lifestyle Values: Assignment (continued)

b. Compare your peers' values to each other and to your own values. List areas where your values are different from your friends. Describe how you think they are different. Describe your values that you believe are similar to your friends' values.



CALM 20: Module 5 8 Assignment Booklet

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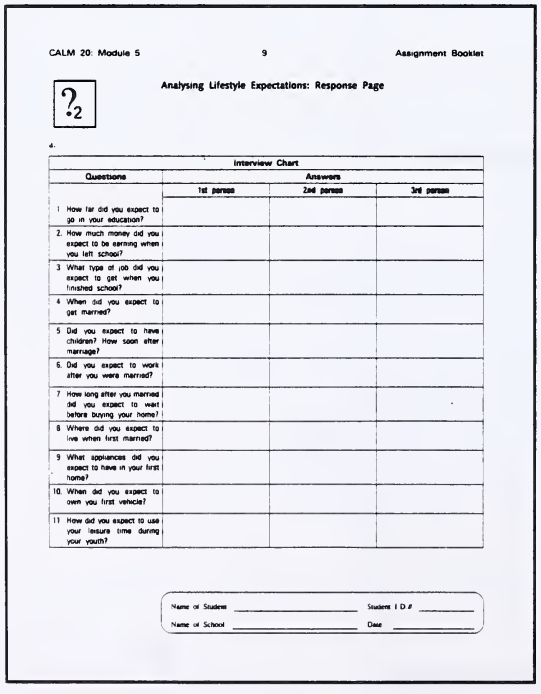
Section 1: Lifestyle Choices

Analysing Lifestyle Expectations: Assignment

a. Interview three people old enough to be your grandparents. Interview both sexes. The purpose of the exercise is to compare the lifestyle expectations of these people when they were of high school age to your own expectations. Tabulate your answers on the chart on the following response page. You may add more questions of your own if you wish on the following response page.



CALM 20: Module 5 9 Assignment Booklet

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Analysing Lifestyle Expectations: Response Page

4.

Interview Chart			
Questions	Answers		
	1st person	2nd person	3rd person
1. How far did you expect to go in your education?			
2. How much money did you expect to be earning when you left school?			
3. What type of job did you expect to get when you finished school?			
4. When did you expect to get married?			
5. Did you expect to have children? How soon after marriage?			
6. Did you expect to work after you were married?			
7. How long after you married did you expect to wait before buying your home?			
8. Where did you expect to live when first married?			
9. What appliances did you expect to have in your first home?			
10. When did you expect to own you first vehicle?			
11. How did you expect to use your leisure time during your youth?			

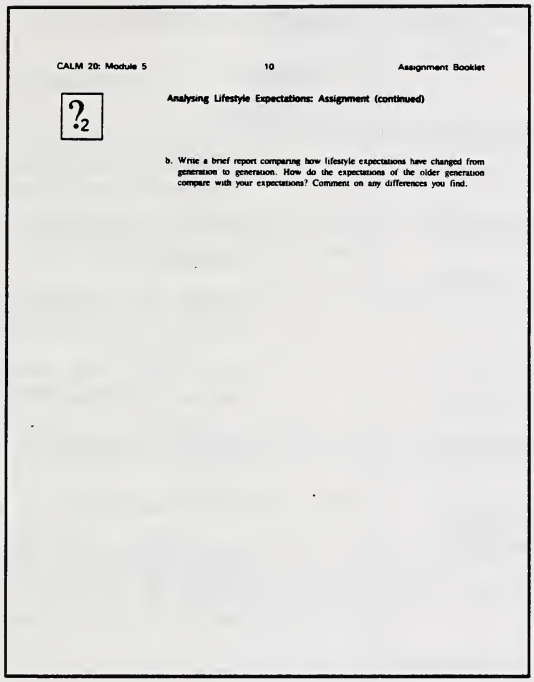
Name of Student _____ Student I.D.# _____

Name of School _____ Date _____

Section 1: Question 2

Comments:

Students should come to understand that they have much greater expectations than their grandparents had. They often have more possessions now than many of their grandparents had 10-15 years after they finished school. Their expectations may be more self-centred than other-centred as they seemed to be in the past.



CALM 20: Module 5 10 Assignment Booklet

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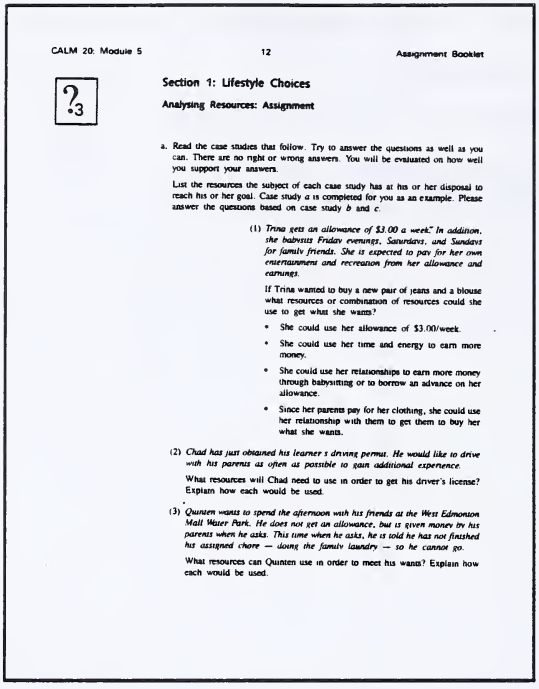
Analysing Lifestyle Expectations: Assignment (continued)

b. Write a brief report comparing how lifestyle expectations have changed from generation to generation. How do the expectations of the older generation compare with your expectations? Comment on any differences you find.



CALM 20: Module 5 12 Assignment Booklet

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Section 1: Lifestyle Choices

Analysing Resources: Assignment

a. Read the case studies that follow. Try to answer the questions as well as you can. There are no right or wrong answers. You will be evaluated on how well you support your answers.

List the resources the subject of each case study has at his or her disposal to reach his or her goal. Case study *a* is completed for you as an example. Please answer the questions based on case study *b* and *c*.

(1) *Trina gets an allowance of $3.00 a week." In addition, she babysits Friday evenings, Saturdays, and Sundays for family friends. She is expected to pay for her own entertainment and recreation from her allowance and earnings.*

If Trina wanted to buy a new pair of jeans and a blouse what resources or combination of resources could she use to get what she wants?

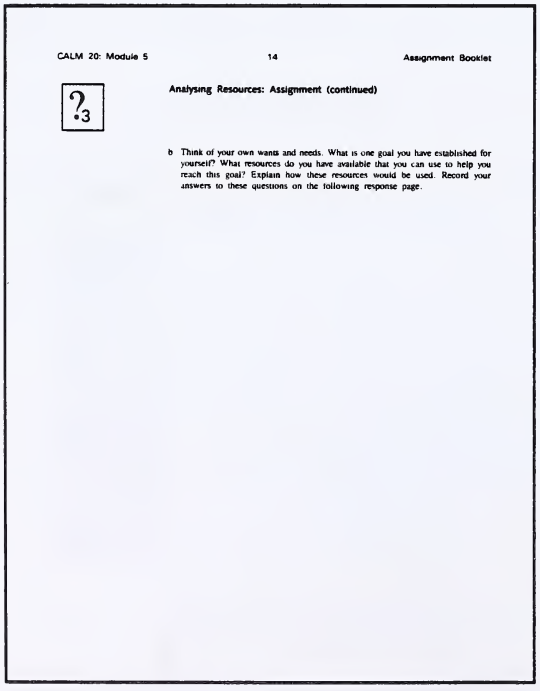
- She could use her allowance of $3.00/week.
- She could use her time and energy to earn more money.
- She could use her relationships to earn more money through babysitting or to borrow an advance on her allowance.
- Since her parents pay for her clothing, she could use her relationship with them to get them to buy her what she wants.

(2) *Chad has just obtained his learner s driving permit. He would like to drive with his parents as often as possible to gain additional experience.*

What resources will Chad need to use in order to get his driver's license? Explain how each would be used.

(3) *Quinten wants to spend the afternoon with his friends at the West Edmonton Mall Water Park. He does not get an allowance, but is given money by his parents when he asks. This time when he asks, he is told he has not finished his assigned chore — doing the family laundry — so he cannot go.*

What resources can Quinten use in order to meet his wants? Explain how each would be used.



CALM 20: Module 5 14 Assignment Booklet

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Analysing Resources: Assignment (continued)

b Think of your own wants and needs. What is one goal you have established for yourself? What resources do you have available that you can use to help you reach this goal? Explain how these resources would be used. Record your answers to these questions on the following response page.

Section 1: Question 3

Answers:

a. (2) Chad:

- *requires abilities and skills developed through practice*
- *needs a knowledge of rules and regulations*
- *needs the relationship with his parents to get the practice*
- *needs the time and energy to actually practise, etc.*
- *needs good eyesight — physical health*
- *needs use of the car to practise*
- *needs relationship with parents to enable his use of the car*
- *needs an area to practise in*

(3) Quinten:

- *needs time to get his chores done*
- *needs energy to get his chores done*
- *needs a knowledge of laundering*
- *needs laundry equipment*
- *needs a better relationship with friends and family to ease the situation*
- *needs money from parents for the leisure activity planned*
- *needs community resources available at West Edmonton Mall*

b. This assignment gives the student an opportunity to consider what resources he or she could bring into play to attain a cherished goal.

In response to the assignment, the learning facilitator may suggest resource avenues the student has overlooked.

Section 2 - Personal Financial Management

Introduction

Section 2 introduces students to knowledge and skills which will prove useful to them as they make independent life decisions.

Budgeting skills are emphasized as are various consumer skills involved in making purchases, using credit and renting accommodation.

Available banking and insurance services are surveyed.

Key Concepts:

- Budgeting is necessary if one is to live within his or her financial means.
- Credit must be carefully used.
- Good consumerism involves assertive behavior and the careful investigation of services offered by financial institutions in order to wisely choose services which best meet one's consumer needs.

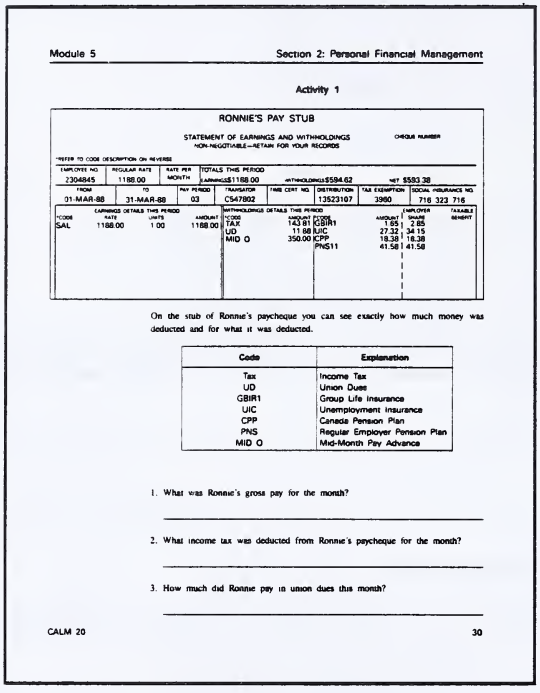
Section Objectives:

Students will be able to

- understand income, financial planning, expenses, and savings
- recognize banking options and develop the banking skills necessary for independent living
- understand the wise use of credit
- recognize the needs fulfilled by various types of insurance.

Student-Assessed Activities: Answers and Comments Concerning Activity Use

Note: It is expected that the learning facilitator will have read all comments to students concerning activities. These comments are contained in the Appendices of each Module Booklet.



Module 5 Section 2: Personal Financial Management

Activity 1

RONNIE'S PAY STUB

STATEMENT OF EARNINGS AND WITHHOLDINGS
NON-NEGOTIABLE—RETAIN FOR YOUR RECORDS

CHEQUE NUMBER

*REFER TO CODE DESCRIPTION ON REVERSE

EMPLOYEE NO	REGULAR RATE	RATE PER MONTH	TOTALS THIS PERIOD		
2304845	1188.00		EARNINGS $1188.00	WITHHOLDINGS $594.62	NET $593.38

FROM	TO	PAY PERIOD	TRANSACTION	TIME CERT NO.	DISTRIBUTION	TAX EXEMPTION	SOCIAL INSURANCE NO.
01-MAR-88	31-MAR-88	03	CS47802		12523107	3960	716 323 716

EARNINGS DETAILS THIS PERIOD				WITHHOLDINGS DETAILS THIS PERIOD				
CODE	RATE	UNITS	AMOUNT	CODE	THIS PERIOD	AMOUNT	EMPLOYER VALUE	TAXABLE BENEFIT
SAL	1188.00	1.00	1188.00	TAX	143.81	7.65	7.65	
				UD	11.88	27.32	34.15	
				MID O	350.00	18.38	16.38	
						CPP	41.58	41.58	
						PNS11		

On the stub of Ronnie's paycheque you can see exactly how much money was deducted and for what it was deducted.

Code	Explanation
Tax	Income Tax
UD	Union Dues
GBIR1	Group Life Insurance
UIC	Unemployment Insurance
CPP	Canada Pension Plan
PNS	Regular Employer Pension Plan
MID O	Mid-Month Pay Advance

1. What was Ronnie's gross pay for the month?

2. What income tax was deducted from Ronnie's paycheque for the month?

3. How much did Ronnie pay in union dues this month?

CALM 20 30

Section 2: Activity 1

Comments:

Class discussion of this activity could emphasize the range of deductions from an employee's paycheque and the cost of various taxes, insurances, and pensions.

Answers:

1. *$1 188.00*
2. *$143.81*
3. *$11.88*
4. *$18.38*
5. *$41.58*
6. *$27.32*
7. *$1.65*
8. *$593.38 + 350.00 = 943.38*

4. How much did Ronnie pay in to the Canada Pension Plan?

_____

5. How much did Ronnie pay into her regular pension plan?

_____

6. How much was Ronnie's Unemployment Insurance premium for the month?

_____

7. How much did Ronnie pay towards life insurance?

_____

8. What is Ronnie's net pay, or the amount of money she actually receives to spend each month, after major deductions?

_____

Check your answers in Appendix A of this module.

ASSIGNMENT

Complete Question 4 in your Assignment Booklet for Module 5 now.

You have received your net pay, but even though you have this money in cash or in your bank account, once you have decided to leave home and live on your own, much of your paycheck is not yours to freely spend.

Activity 2

The following activity will introduce you to some of the problems involved in learning to manage finances once one is living independently.

Complete either Part A or Part B.

PART A

Listen to Part 1 of the audiotape *Moving Out*. Then answer the Activity 2 questions below.

PART B

Read Part 1 of the script for the audiotape *Moving Out*. This script is located in Appendix B of this module. Then answer the Activity 2 questions below.

Activity 2 Questions

1. What are some small irregular expenses that really add up (examples: prescriptions, unexpected company)? How much do you think these irregular expenses really cost each year?

2. How can you stop yourself from expensive overspending (example: long distance phone bills)? What can happen if you cannot control them?

3. How much does Alberta Health Care cost if you are paying it on your own? How can you find out?

Check Appendix A for comments concerning this Activity.

Budgeting Skills

Managing your income wisely is generally considered necessary for your future success and happiness. It is one means by which needs and wants are satisfied.

If a **budget** is followed carefully, it can help you live within your income and make wise choices.

Teenagers have as much need to plan as do adults with family responsibilities. In fact, because teenagers often have a choice as to how they spend their income, they have a real need to plan. A long term goal for a teenager may be measured in a matter of months as opposed to years for family goals, but there is a clearly defined need for both long and short-term planning.

No two people will have exactly the same items in a budget. The spending pattern of one person cannot be considered a reliable guide for another.

All budgets involve making an estimate of income and an estimate of expenses. You try to find out how much money you have to spend and where it all goes. Base your budget on your present and predictable future income and expenses.

Consider your goals. What do you want your money to do for you? Before you can budget, you should prepare a list of your goals preferably in the order of importance. Keeping in mind that you will have to settle for one or a few things at a time, you then plan your spending so that some portion of your money is set aside for those purposes.

Section 2: Activity 2

Comments:

This activity could be completed individually or through group discussion.

Answers:

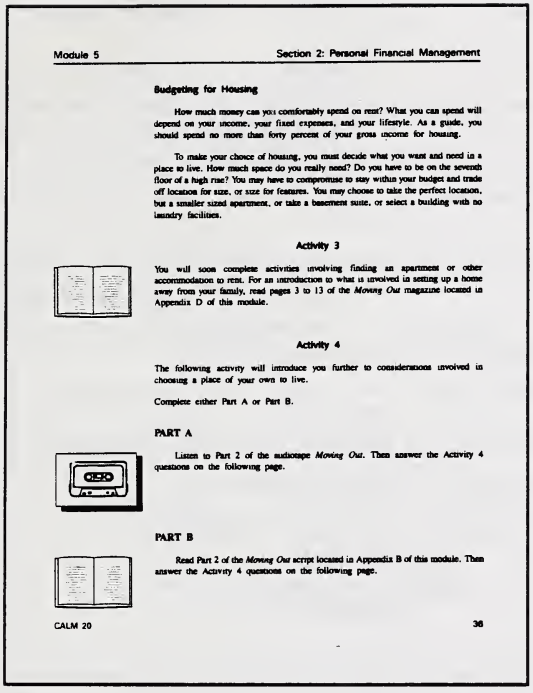
1. *Clothing, cosmetics, gifts, foods, and drycleaning can add up to many hundreds of dollars per year.*

2. *One must set budget limits on specific expenditure areas and not exceed these amounts. If impulse spending is not controlled, money budgeted for other purposes may be required to cover these over-expenditures. Chronic overspending will result in unaffordable debt.*

3. *Most recent information is available from the Alberta Health Care Insurance Plan:*

   Alberta Health Care Insurance
   10025 Jasper Avenue
   Box 1360
   Edmonton, Alberta
   T5J 2N3
   427-1432

   As of June, 1990, the premium for a single, non-subsidized insured with no dependents was $19.75 per month.



Module 5 Section 2: Personal Financial Management

Budgeting for Housing

How much money can you comfortably spend on rent? What you can spend will depend on your income, your fixed expenses, and your lifestyle. As a guide, you should spend no more than forty percent of your gross income for housing.

To make your choice of housing, you must decide what you want and need in a place to live. How much space do you really need? Do you have to be on the seventh floor of a high rise? You may have to compromise to stay within your budget and trade off location for size, or size for features. You may choose to take the perfect location, but a smaller sized apartment, or take a basement suite, or select a building with no laundry facilities.

Activity 3

You will soon complete activities involving finding an apartment or other accommodation to rent. For an introduction to what is involved in setting up a home away from your family, read pages 3 to 13 of the *Moving Out* magazine located in Appendix D of this module.

Activity 4

The following activity will introduce you further to considerations involved in choosing a place of your own to live.

Complete either Part A or Part B.

PART A

Listen to Part 2 of the audiotape *Moving Out*. Then answer the Activity 4 questions on the following page.

PART B

Read Part 2 of the *Moving Out* script located in Appendix B of this module. Then answer the Activity 4 questions on the following page.

CALM 20 36

Section 2: Activity 4

Comments:

This activity may be completed by students alone or as a group.

Group discussion of many of these questions may be advantageous as students could brainstorm ideas and suggestions.

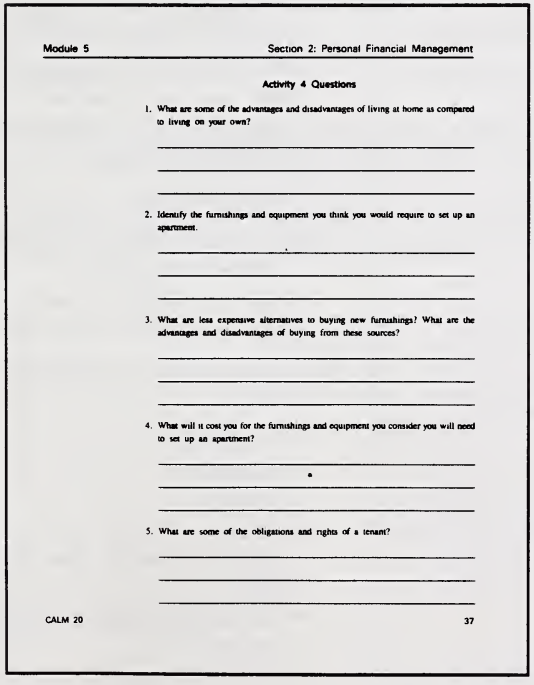
Answers:

1. ***Advantages***

   - *cheaper*
   - *emotional support available*
   - *laundry facilities*
   - *cleaning, car use etc. available*

   Disadvantages

   - *lack of privacy*
   - *emotional relationship with parents may remain that of parent-child*
   - *there may be a need for the individual to fit into the lifestyle of the parents*



Module 5 Section 2: Personal Financial Management

Activity 4 Questions

1. What are some of the advantages and disadvantages of living at home as compared to living on your own?

2. Identify the furnishings and equipment you think you would require to set up an apartment.

3. What are less expensive alternatives to buying new furnishings? What are the advantages and disadvantages of buying from these sources?

4. What will it cost you for the furnishings and equipment you consider you will need to set up an apartment?

5. What are some of the obligations and rights of a tenant?

CALM 20 37

2. • *bed*
   - *dresser*
   - *drapes*
   - *linens*
   - *radio/stereo/television, if affordable*
   - *kitchen table/chairs*
   - *cooking, utilities, eating equipment*
   - *sofa and tables*
   - *lamps*

3. • *second-hand store*
   - *classified sections of newspapers*
   - *auction sales*
   - *hand-me-down furniture from other family members*

   You may save a great deal of money but there are no warrantees on these items and you may have to do some repair work.

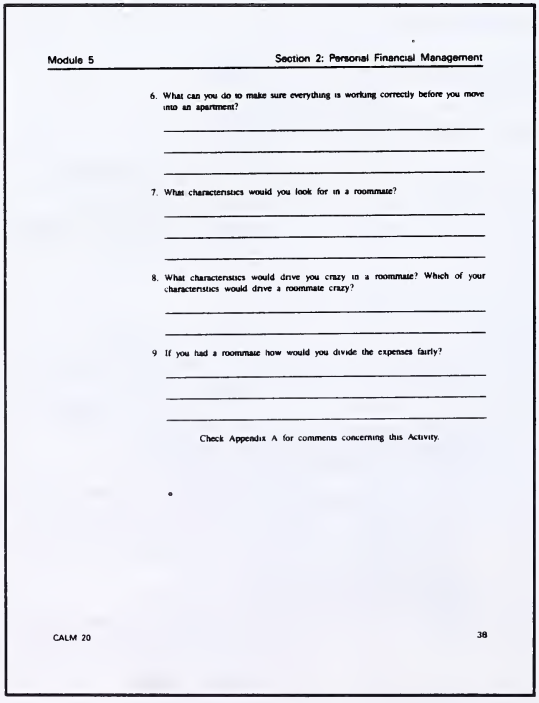
4. *Current prices of items listed in question 2 should be checked in a catalogue or department store.*

5.

Tenants' Obligations	*Tenants' Rights*
• *to pay rent on time*	• *to entry on the date agreed to in the lease*
• *to give notice of intention to vacate in accordance with the lease*	• *privacy unless there is an emergency or the landlord has made proper arrangements to visit the rental property*
• *not to damage the rental property or common property*	• *all services stated in the lease*
• *not to interfere with the rights of others to quiet and privacy*	• *a response when there is a complaint made by the tenant or a question of safety or comfort*
• *to ensure that no illegal acts, trades, or businesses occur on the property*	• *a written notice of rent increases or notice to vacate*
• *to keep the property reasonably clean*	• *a safe, comfortable premises*

Further information concerning tenants' and landlords' rights and obligations is available from Landlord and Tenants Advisory Boards in your community.

e.g. The Landlord and Tenants Advisory Board
10237-98 Street
Edmonton, Alberta
426-4951



Module 5 Section 2: Personal Financial Management

6. What can you do to make sure everything is working correctly before you move into an apartment?

7. What characteristics would you look for in a roommate?

8. What characteristics would drive you crazy in a roommate? Which of your characteristics would drive a roommate crazy?

9. If you had a roommate how would you divide the expenses fairly?

Check Appendix A for comments concerning this Activity.

CALM 20 38

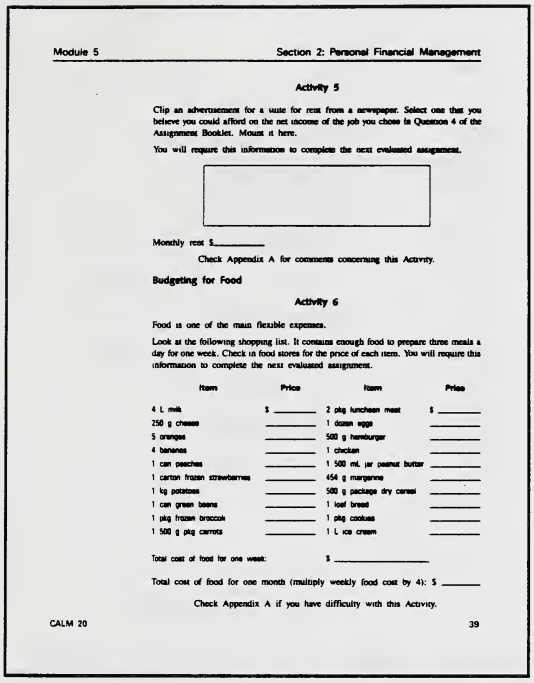
6. *Accompany the landlord on an inspection of the property and fill out an Accommodation Inspection Report. Make sure all promises to repair the property are in writing, possibly as an addition to the lease.*

7. *Good roommates*

   - *pay their portion of the rent and other expenses on time*
   - *are thoughtful of your needs*
   - *do their share of the housework*

9. *Consider how the following would be paid for*

   - *telephone*
   - *furniture*
   - *utilities*
   - *food*
   - *television service fees (if applicable)*
   - *rent*
   - *basics such as bathroom and kitchen supplies*



Module 5 Section 2: Personal Financial Management

Activity 5

Clip an advertisement for a suite for rent from a newspaper. Select one that you believe you could afford on the net income of the job you chose in Question 4 of the Assignment Booklet. Mount it here.

You will require this information to complete the next evaluated assignment.

Monthly rent $_____

Check Appendix A for comments concerning this Activity.

Budgeting for Food

Activity 6

Food is one of the main flexible expenses.

Look at the following shopping list. It contains enough food to prepare three meals a day for one week. Check in food stores for the price of each item. You will require this information to complete the next evaluated assignment.

Item	Price	Item	Price
4 L milk	$ _____	2 pkg luncheon meat	$ _____
250 g cheese	_____	1 dozen eggs	_____
5 oranges	_____	500 g hamburger	_____
4 bananas	_____	1 chicken	_____
1 can peaches	_____	1 500 mL jar peanut butter	_____
1 carton frozen strawberries	_____	454 g margarine	_____
1 kg potatoes	_____	500 g package dry cereal	_____
1 can green beans	_____	1 loaf bread	_____
1 pkg frozen broccoli	_____	1 pkg cookies	_____
1 500 g pkg carrots	_____	1 L ice cream	_____

Total cost of food for one week: $ _____

Total cost of food for one month (multiply weekly food cost by 4): $ _____

Check Appendix A if you have difficulty with this Activity.

CALM 20 39

Section 2: Activity 5

Comments:

Completion of this activity is required in order that the student have background information needed to complete assigned Question 5.

The learning facilitator should check to see that the student chooses accommodation with a reasonable rent. As students survey accommodation available, they may begin to realize that living on their own while making a near minimum wage is very difficult. They may begin to appreciate the necessity of roommates at this stage of independent living.

Housing costs should total a maximum of 40% of gross pay, but preferably less.

Section 2: Activity 6

Comments:

Students could complete this assignment in pairs. They should actually go to a food store and price out a weekly grocery list for one person.

Students could discuss the degree to which the proposed grocery list will allow the planning of menus which meet Canada's Food Rules.

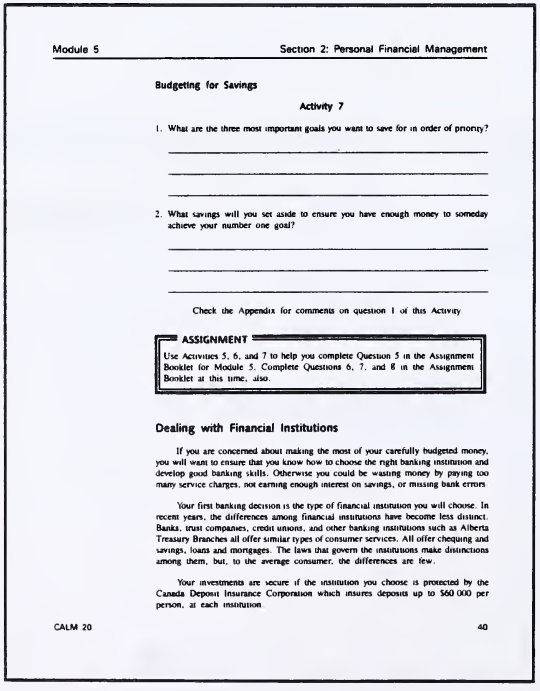
Answers:

Item	Price	Item	Price
4 L milk	$3.60	2 pkg luncheon meat	$1.70
250 g cheese	2.00	1 dozen eggs	1.49
5 oranges	2.25	500 g hamburger	1.50
4 bananas	1.50	1 chicken	3.45
1 can peaches	1.30	1 500 mL jar peanut butter	3.00
1 carton frozen strawberries	1.50	454 g margarine	1.00
1 kg potatoes	0.80	500 g package dry cereal	1.90
1 can green beans	1.00	1 loaf bread	1.00
1 pkg frozen broccoli	1.30	1 pkg cookies	1.99
1 500 g pkg carrots	0.60	1 L ice cream	2.40

Prices are approximate.

Total cost of food for one week: $ 35.00 (approximate)

Total cost of food for one month (multiply weekly food cost by 4): $ 140.00



Module 5 Section 2: Personal Financial Management

Budgeting for Savings

Activity 7

1. What are the three most important goals you want to save for in order of priority?

2. What savings will you set aside to ensure you have enough money to someday achieve your number one goal?

Check the Appendix for comments on question 1 of this Activity.

ASSIGNMENT

Use Activities 5, 6, and 7 to help you complete Question 5 in the Assignment Booklet for Module 5. Complete Questions 6, 7, and 8 in the Assignment Booklet at this time, also.

Dealing with Financial Institutions

If you are concerned about making the most of your carefully budgeted money, you will want to ensure that you know how to choose the right banking institution and develop good banking skills. Otherwise you could be wasting money by paying too many service charges, not earning enough interest on savings, or missing bank errors.

Your first banking decision is the type of financial institution you will choose. In recent years, the differences among financial institutions have become less distinct. Banks, trust companies, credit unions, and other banking institutions such as Alberta Treasury Branches all offer similar types of consumer services. All offer chequing and savings, loans and mortgages. The laws that govern the institutions make distinctions among them, but, to the average consumer, the differences are few.

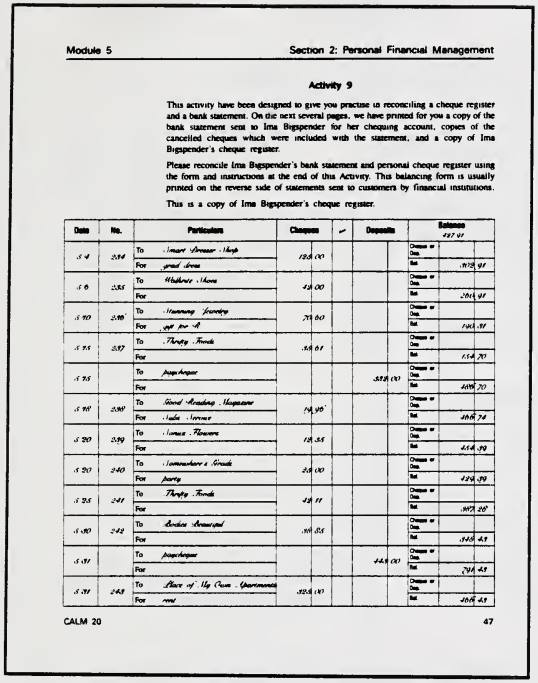
Your investments are secure if the institution you choose is protected by the Canada Deposit Insurance Corporation which insures deposits up to $60 000 per person, at each institution.

CALM 20 40

Section 2: Activity 7

Comments:

In completing this activity, the student is giving thought to future goals. Students should be encouraged to set aside something towards savings each pay period, even if this is a very small amount.



Module 5 Section 2: Personal Financial Management

Activity 9

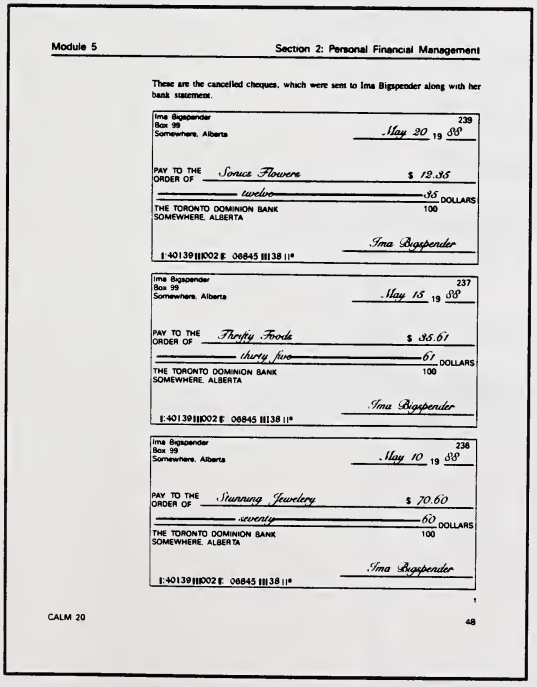
This activity have been designed to give you practise in reconciling a cheque register and a bank statement. On the next several pages, we have printed for you a copy of the bank statement sent to Ima Bigspender for her chequing account, copies of the cancelled cheques which were included with the statement, and a copy of Ima Bigspender's cheque register.

Please reconcile Ima Bigspender's bank statement and personal cheque register using the form and instructions at the end of this Activity. This balancing form is usually printed on the reverse side of statements sent to customers by financial institutions.

This is a copy of Ima Bigspender's cheque register.

Date	No.	Particulars	Cheques	✓	Deposits	Balance
						427 91
84	234	To Smart Dresser Shop	125 00			Cheque or Dep.
		For grad dress				Bal. 302 91
86	235	To Wallpaper Plus	42 00			Cheque or Dep.
		For				Bal. 260 91
810	236	To Stunning Jewelery	70 60			Cheque or Dep.
		For gift for A				Bal. 190 31
815	237	To Thrifty Foods	35 61			Cheque or Dep.
		For				Bal. 154 70
815		To paycheque			383 00	Cheque or Dep.
		For				Bal. 537 70
820	238	To Good Reading Magazine	14 95			Cheque or Dep.
		For subs renew				Bal. 522 75
820	239	To Sonya Flowers	12 35			Cheque or Dep.
		For flowers				Bal. 510 40
820	240	To Somewhere's Grads	20 00			Cheque or Dep.
		For party				Bal. 490 40
825	241	To Thrifty Foods	42 11			Cheque or Dep.
		For				Bal. 448 29
830	242	To Broken Arrow Golf	100 00			Cheque or Dep.
		For				Bal. 348 29
831		To paycheque			448 00	Cheque or Dep.
		For				Bal. 796 29
831	243	To Place of My Own Apartments	525 00			Cheque or Dep.
		For rent				Bal. 271 29

CALM 20 47



Module 5 Section 2: Personal Financial Management

These are the cancelled cheques, which were sent to Ima Bigspender along with her bank statement.

Ima Bigspender
Box 99
Somewhere, Alberta

239

May 20 19 88

PAY TO THE ORDER OF Sonya Flowers $ 12.35

twelve 35/100 DOLLARS

THE TORONTO DOMINION BANK
SOMEWHERE, ALBERTA

Ima Bigspender

E·40139 III002 E 06845 III38 II*

Ima Bigspender
Box 99
Somewhere, Alberta

237

May 15 19 88

PAY TO THE ORDER OF Thrifty Foods $ 35.61

thirty five 61/100 DOLLARS

THE TORONTO DOMINION BANK
SOMEWHERE, ALBERTA

Ima Bigspender

E·40139 III002 E 06845 III38 II*

Ima Bigspender
Box 99
Somewhere, Alberta

238

May 10 19 88

PAY TO THE ORDER OF Stunning Jewelery $ 70.60

seventy 60/100 DOLLARS

THE TORONTO DOMINION BANK
SOMEWHERE, ALBERTA

Ima Bigspender

E·40139 III002 E 06845 III38 II*

CALM 20 48

Section 2: Activity 9

Comments:

Small groups of students could be actively "walked through" the method of reconciling a bank statement. To simulate the way in which the statement and cheques are usually received, Ima Bigspender's cheques could be duplicated, cut out, and wrapped inside a duplicate of the bank statement.

Ima Bigspender
Box 99
Somewhere, Alberta

240

May 30 19 88

PAY TO THE ORDER OF Somewhere's Grade $ 25.00

twenty five xx DOLLARS

THE TORONTO DOMINION BANK
SOMEWHERE, ALBERTA

100

Ima Bigspender

⑈40139⑈002⑈ 06845 ⑈38⑈

Ima Bigspender
Box 99
Somewhere, Alberta

243

May 31 19 88

PAY TO THE ORDER OF Place of My Own Apartments $ 325.00

three hundred and twenty five xx DOLLARS

THE TORONTO DOMINION BANK
SOMEWHERE, ALBERTA

100

Ima Bigspender

⑈40139⑈002⑈ 06845 ⑈38⑈

Ima Bigspender
Box 99
Somewhere, Alberta

234

May 4 19 88

PAY TO THE ORDER OF Smart Dresser Shop $ 125.00

one hundred and twenty five xx DOLLARS

THE TORONTO DOMINION BANK
SOMEWHERE, ALBERTA

100

Ima Bigspender

⑈40139⑈002⑈ 06845 ⑈38⑈

CALM 20 49

Ima Bigspender
Box 99
Somewhere, Alberta

235

May 6 19 88

PAY TO THE ORDER OF Walkrite Shoes $ 42.00

forty two xx DOLLARS

THE TORONTO DOMINION BANK
SOMEWHERE, ALBERTA

100

Ima Bigspender

⑈40139⑈002⑈ 06845 ⑈38⑈

Ima Bigspender
Box 99
Somewhere, Alberta

242

May 30 19 88

PAY TO THE ORDER OF Bodies Beautiful $ 38.88

thirty eight 88 DOLLARS

THE TORONTO DOMINION BANK
SOMEWHERE, ALBERTA

100

Ima Bigspender

⑈40139⑈002⑈ 06845 ⑈38⑈

Ima Bigspender
Box 99
Somewhere, Alberta

241

May 25 19 88

42.11 (40)

PAY TO THE ORDER OF Thrifty Foods $ 42.20

forty two 11 DOLLARS

THE TORONTO DOMINION BANK
SOMEWHERE, ALBERTA

100

Ima Bigspender

⑈40139⑈002⑈ 06845 ⑈38⑈

*Blank forms used by permission of the Toronto Dominion Bank

CALM 20 50

This is a copy of the bank statement that Ima Bigspender was sent by her bank:

THE TORONTO—DOMINION BANK STATEMENT OF ACCOUNT

PERSONAL CHEQUING
ACCOUNT NUMBER 324192

IN ACCOUNT WITH
Ima Bigspender
Box 99
Somewhere, Alberta
T0X 0X0

BRANCH NO.	STATEMENT PAGE NO.
0032	1
BRANCH USE	FOR PERIOD ENDED
15	June 01 89

DESCRIPTION	CHEQUES/DEBITS	DEPOSITS/CREDITS	DATE	BALANCE
Balance Forward				427 91
Cheque 234	125 00		May 6	302 91
Cheque 235	42 00		May 9	260 91
Cheque 236	70 60		May 13	190 31
Deposit		332 00	May 15	
Cheque 237	35 61		May 15	486 70
Cheque 239	12 35		May 21	474 35
Cheque 242	28 96		May 27	
Cheque 241	42 11		May 27	
Cheque 240	25 00		May 31	368 39
Cheque 243	325 00		June 1	
Deposit		443 00	June 1	486 39
Service Charge	2 32		June 7	484 07

Guarantee yourself one of the highest interest rates we offer ...invest in a TD GIC. Also available in U.S. dollars. Ask for details.

	NO.	AMOUNT	
DEPOSITS	2	775 00	FINAL BALANCE OF THIS STATEMENT
CHEQUES	8	609 91	

PLEASE REPORT ANY ERRORS TO YOUR BRANCH IMMEDIATELY[1]

[1]Reproduced with permission of the Toronto Dominion Bank.

CALM 20 51

Answers:

Instructions For Balancing Your Statement

If you have entered in your cheque register all cheques issued and deposits made, this statement can be easily balanced. (If any debits or credits have been made to your account by the Bank as indicated in the description column, these should also be entered in your cheque book register.)

1. On your cheque register check off all items which are shown on the statement.
2. From cheque register list all cheques not checked off and total these.

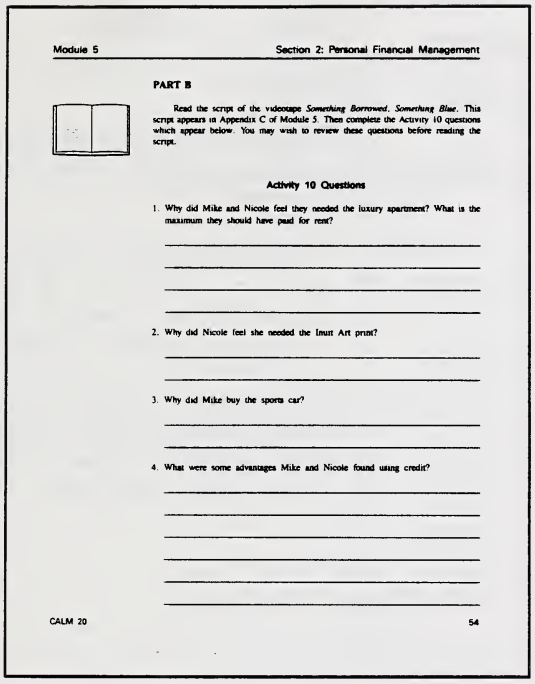
Cheque 238	*19.96*	
Total	*$19.96*	
Final balance shown on this statement		*$484.07*
Add amount of any deposits made after statement closing date		
Total		*$484.07*
Deduct total of cheques as listed above		*$ 19.96*
Balance should agree with cheque register [*balance once the service charge of $2.32 has been subtracted in the register*]		*$464.11*

Current Account Customers

A Current Account Statement will be considered correct except for errors or omissions of which you notify the Bank within 30 days after it has been mailed or delivered to you, as per your agreement.

1

[1]Blank forms used by permission of the Toronto Dominion Bank.



Module 5 Section 2: Personal Financial Management

PART B

Read the script of the videotape *Something Borrowed, Something Blue*. This script appears in Appendix C of Module 5. Then complete the Activity 10 questions which appear below. You may wish to review these questions before reading the script.

Activity 10 Questions

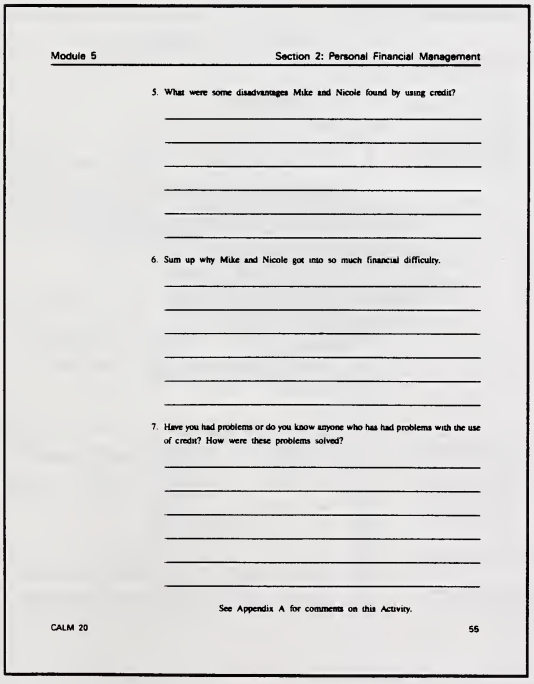
1. Why did Mike and Nicole feel they needed the luxury apartment? What is the maximum they should have paid for rent?

2. Why did Nicole feel she needed the Inuit Art print?

3. Why did Mike buy the sports car?

4. What were some advantages Mike and Nicole found using credit?

CALM 20 54



Module 5 Section 2: Personal Financial Management

5. What were some disadvantages Mike and Nicole found by using credit?

6. Sum up why Mike and Nicole got into so much financial difficulty.

7. Have you had problems or do you know anyone who has had problems with the use of credit? How were these problems solved?

See Appendix A for comments on this Activity.

CALM 20 55

Section 2: Activity 10

Comments:

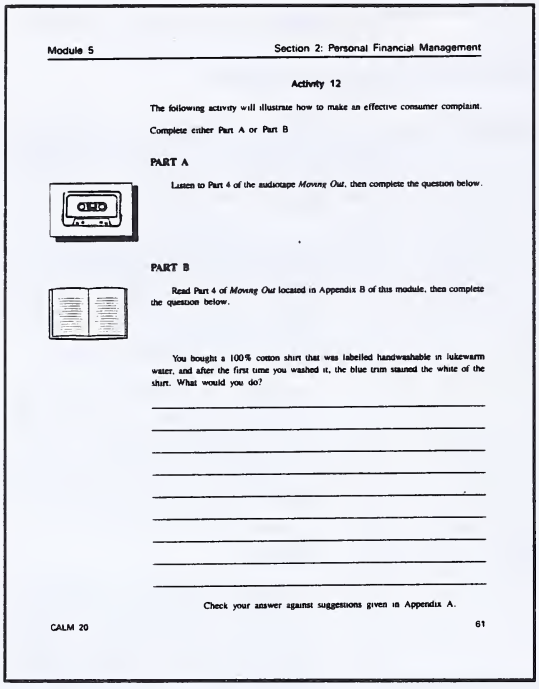
After viewing the video presentation *Something Borrowed, Something Blue*, this activity could be completed in a class group.

The pluses and minuses of consolidation loans should be discussed. The ease with which one can sink into increasing debt while making high interest payments should also be emphasized.

A guest speaker from the Financial Counselling Services of Alberta Consumer and Corporate Affairs, or a local home economist could provide useful information about financial management.

Answers:

1. *Nicole and Mike wanted the apartment to keep up with LBJ and for prestige. The fact that someone else wanted the apartment increased their desire for it. They should only have paid 40% maximum of Mike's gross pay.*
2. *Nicole thought the art print was something few other people would have and may be a good investment.*
3. *Mike believed he needed the sports car to keep up an image at his workplace.*
4. • *Nicole and Mike had the goods they wanted right away.*
   • *They were able to take advantage of sales.*
   • *They spread payments for costly items over a period of time.*
5. • *They lived way above their income.*
   • *They became seriously in debt and this affected their marriage relationship.*
6. *Nicole and Mike lived beyond their income by using credit to a point where they were unable to meet their living costs and credit payments.*
7. *A discussion of government counselling services may be useful here.*



Module 5 Section 2: Personal Financial Management

Activity 12

The following activity will illustrate how to make an effective consumer complaint.

Complete either Part A or Part B

PART A

Listen to Part 4 of the audiotape *Moving Out*, then complete the question below.

PART B

Read Part 4 of *Moving Out* located in Appendix B of this module, then complete the question below.

You bought a 100% cotton shirt that was labelled handwashable in lukewarm water, and after the first time you washed it, the blue trim stained the white of the shirt. What would you do?

Check your answer against suggestions given in Appendix A.

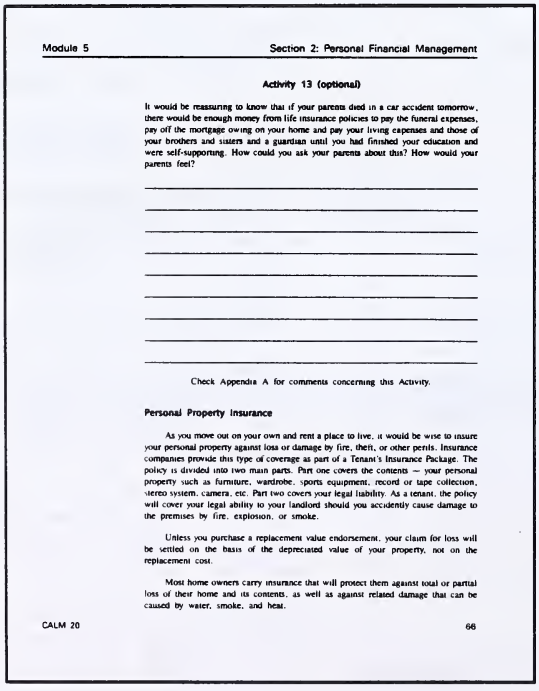
CALM 20 61

Section 2: Activity 12

Comments:

This activity could be role-played. Students could take the roles of clerk in a store and consumer.

The key in voicing complaints is to use assertive behavior and to be willing to follow the line of authority from clerk to department manager, to store manager to head office of the store, and to Alberta Consumer and Corporate Affairs and the Better Business Bureau. Students should have considered the line of reasoning they would use in making their complaint.



Module 5 Section 2: Personal Financial Management

Activity 13 (optional)

It would be reassuring to know that if your parents died in a car accident tomorrow, there would be enough money from life insurance policies to pay the funeral expenses, pay off the mortgage owing on your home and pay your living expenses and those of your brothers and sisters and a guardian until you had finished your education and were self-supporting. How could you ask your parents about this? How would your parents feel?

Check Appendix A for comments concerning this Activity.

Personal Property Insurance

As you move out on your own and rent a place to live, it would be wise to insure your personal property against loss or damage by fire, theft, or other perils. Insurance companies provide this type of coverage as part of a Tenant's Insurance Package. The policy is divided into two main parts. Part one covers the contents — your personal property such as furniture, wardrobe, sports equipment, record or tape collection, stereo system, camera, etc. Part two covers your legal liability. As a tenant, the policy will cover your legal ability to your landlord should you accidently cause damage to the premises by fire, explosion, or smoke.

Unless you purchase a replacement value endorsement, your claim for loss will be settled on the basis of the depreciated value of your property, not on the replacement cost.

Most home owners carry insurance that will protect them against total or partial loss of their home and its contents, as well as against related damage that can be caused by water, smoke, and heat.

CALM 20 66

Section 2: Activity 13

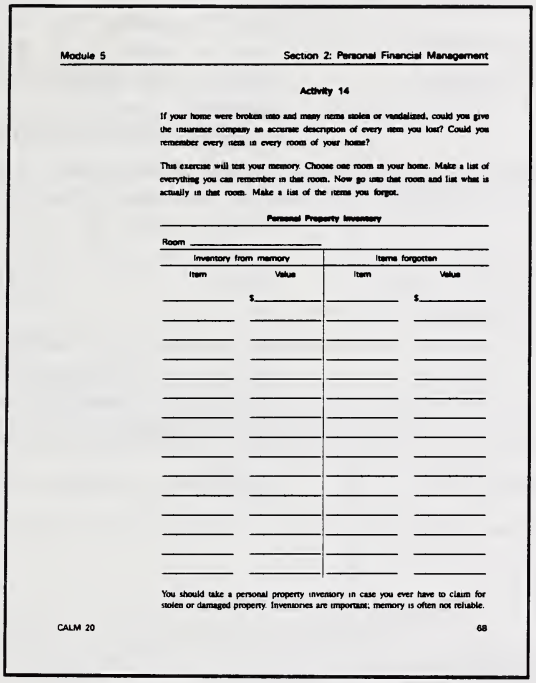
Comments:

This activity should be introduced by the learning facilitator as an optional activity of value to students if parents are open about their financial planning.

The class could discuss why discussions of finances and insurance can be uncomfortable for parents.

Students may gain a new appreciation of the degree to which their parents' continuing support makes their present lifestyle possible.

The group could discuss options available to those who have lost parental support.



Module 5 Section 2: Personal Financial Management

Activity 14

If your home were broken into and many items stolen or vandalized, could you give the insurance company an accurate description of every item you lost? Could you remember every item in every room of your home?

This exercise will test your memory. Choose one room in your home. Make a list of everything you can remember in that room. Now go into that room and list what is actually in that room. Make a list of the items you forgot.

Personal Property Inventory

Room _____

Inventory from memory		Items forgotten	
Item	Value	Item	Value
_____	$_____	_____	$_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
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_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

You should take a personal property inventory in case you ever have to claim for stolen or damaged property. Inventories are important; memory is often not reliable.

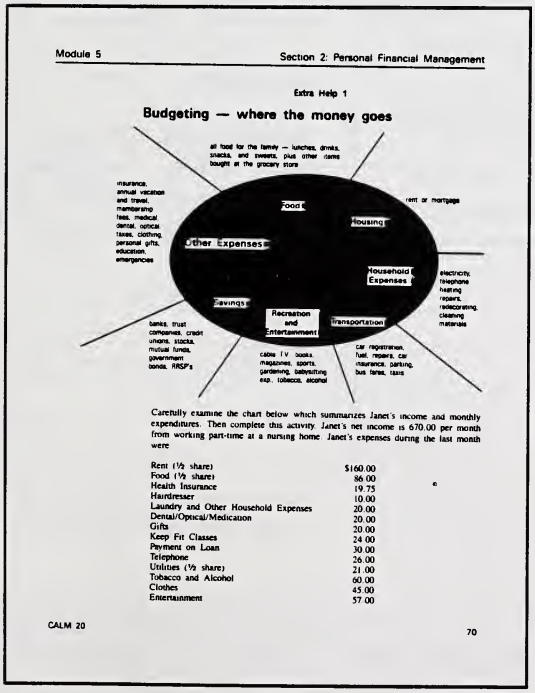
CALM 20 68

Section 2: Activity 14

Comments:

This activity could be used to introduce the need for property insurance.

The number of possessions usually forgotten emphasizes the need to keep up-to-date lists of possessions. Assigning value to each possession helps students recognize the great monetary investment they and their parents have in household belongings.



Module 5 Section 2: Personal Financial Management

Extra Help 1

Budgeting — where the money goes

all food for the family — lunches, drinks, snacks, and sweets, plus other items bought at the grocery store
Food
rent or mortgage
Housing
Other Expenses
Household Expenses
electricity, telephone heating repairs, redecorating, cleaning materials
Savings
Recreation and Entertainment
Transportation
car registration, fuel, repairs, car insurance, parking, bus fares, taxis
cable T.V., books, magazines, sports, gardening, babysitting exp., tobacco, alcohol
banks, trust companies, credit unions, stocks, mutual funds, government bonds, RRSP's
insurance, annual vacation and travel, membership fees, medical, dental, optical, taxes, clothing, personal gifts, education, emergencies

Carefully examine the chart below which summarizes Janet's income and monthly expenditures. Then complete this activity. Janet's net income is 670.00 per month from working part-time at a nursing home. Janet's expenses during the last month were

Rent (½ share)	$160.00
Food (½ share)	86.00
Health Insurance	19.75
Hairdresser	10.00
Laundry and Other Household Expenses	20.00
Dental/Optical/Medication	20.00
Gifts	20.00
Keep Fit Classes	24.00
Payment on Loan	30.00
Telephone	26.00
Utilities (½ share)	21.00
Tobacco and Alcohol	60.00
Clothes	45.00
Entertainment	57.00

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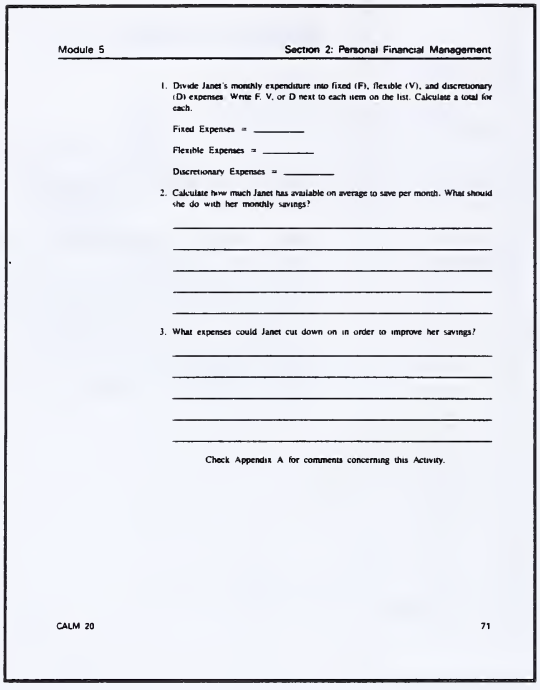
Section 2: Follow-up Activities

Extra Help 1: Budgeting

Answers:

1.

Fixed Expenses	
Rent	*$160.00*
Health Insurance	*19.75*
Payment on Loan	*30.00*
Utilities	*21.00*
Total	*$230.75*
Flexible Expenses	
Food	*$86.00*
Hairdresser	*10.00*
Laundry/Household/Expenses	*20.00*
Dental/Optical/Medication	*20.00*
Clothes	*45.00*
Keep Fit Classes	*24.00*
Telephone	*26.00*
Total	*$231.00*
Discretionary Expenses	
Entertainment	*$57.00*
Tobacco and Alcohol	*60.00*
Gifts	*20.00*
Total	*$137.00*



Module 5 Section 2: Personal Financial Management

1. Divide Janet's monthly expenditure into fixed (F), flexible (V), and discretionary (D) expenses. Write F, V, or D next to each item on the list. Calculate a total for each.

Fixed Expenses = _____

Flexible Expenses = _____

Discretionary Expenses = _____

2. Calculate how much Janet has available on average to save per month. What should she do with her monthly savings?

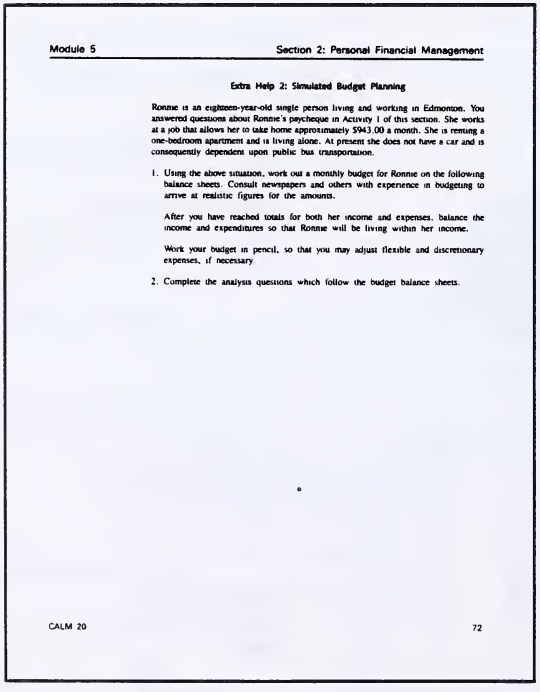
3. What expenses could Janet cut down on in order to improve her savings?

Check Appendix A for comments concerning this Activity.

CALM 20 71

2. *Janet's expenses total $598.75. Janet must put some of the $71.25 she has available each month for savings into an emergency savings plan until she has the equal of three months income for use in case of an emergency — such as a job loss. The rest of the money available for savings could be put in a separate account to save towards a desired luxury.*

3. *If a budget does not balance, or provide enough for savings, it is in the area of discretionary expenses that cuts should first be looked for.*



Module 5 Section 2: Personal Financial Management

Extra Help 2: Simulated Budget Planning

Ronnie is an eighteen-year-old single person living and working in Edmonton. You answered questions about Ronnie's paycheque in Activity 1 of this section. She works at a job that allows her to take home approximately $943.00 a month. She is renting a one-bedroom apartment and is living alone. At present she does not have a car and is consequently dependent upon public bus transportation.

1. Using the above situation, work out a monthly budget for Ronnie on the following balance sheets. Consult newspapers and others with experience in budgeting to arrive at realistic figures for the amounts.

   After you have reached totals for both her income and expenses, balance the income and expenditures so that Ronnie will be living within her income.

   Work your budget in pencil, so that you may adjust flexible and discretionary expenses, if necessary.

2. Complete the analysis questions which follow the budget balance sheets.

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Extra Help 2: Simulated Budget Planning

Comments:

Students could prepare this budget as a group activity, researching any costs of which they are unaware. Many costs (e.g. Alberta Health Care) should now be known.

Answers:

1. **Cash Flow Balance Sheet**

MONTHLY TAKE HOME INCOME

List only regular income, not money you receive for occasional overtime or moonlighting. List your take-home income, that is, what you have left after deductions.

Source	MONTHLY AMOUNT
1. Wages/Salary	*943.00*
2. Wages/Salary	
3. Family Allowance	
4. Other Regular Monthly Income	
5. **Total Monthly Take Home Income**	*943.00*

IRREGULAR & ANNUAL EXPENSES ***Approximate amounts to budget have been suggested.**

All figures on this chart should be annual, not monthly amounts.

Item		ANNUAL AMOUNT
6. Insurance (Do not include those payments which are deducted from your pay cheque).	Car	
	Life **[already deducted on Ronnie's paycheque]**	
	Property	*136.00*
	Medical	*287.00*
7. Annual Vacation & Other Travel		*200.00*
8. Christmas Expenses & Gifts		*150.00*
9. Other Gifts & Contributions		*70.00*
10. Car Maintenance		
11. Household Maintenance		*100.00*
12. Car & Other Licenses		
13. Membership Fees		
14. Tuition & School Supplies		
15. Dental & Optical		*250.00*
16. Taxes (if paid in an annual lump sum)		
17. Clothing		*600.00*
18. Medication		*150.00*
19. Other (Use these spaces to list other irregular & annual expenses or items you plan to purchase in the next year)		
20. Total Irregular & Annual Expenses (Add lines 6 to 19 inclusive)		*1 892.00*
21. **Monthly Requirement for Irregular & Annual Expenses** (Divide line 20 by 12)		*157.67*

MONTHLY EXPENSES

All figures on this chart should be monthly amounts.

Item		MONTHLY AMOUNT (APPROX)
22. Monthly Requirement for Irregular & Annual Expenses (Transfer from line 21)		*157.67*
23. Savings	Emergency Fund	*50.00*
	Savings Fund	*70.00*
24. Food (Plus other items bought at grocery store)		*140.00*
25. Housing (Mortgage or rent and parking)		*300.00*
26. Utilities	Light	*20.00*
	Water/Sewage **[Usually included in rent]**	
	Local Telephone	*10.00*
	Long Distance Telephone	
	Natural Gas **[Usually included in rent]**	
	Cable T.V.	
27. Household Incidentals (Newspaper, coin laundry, etc.)		*40.00*
28. Gasoline		
29. Bus Fares, Taxis, Parking		*40.00*
30. Payments (List each of your creditors and the monthly amount owing.)		
31. Personal Allowance (Personal items such as cosmetics and hair cuts, money for work or school related items).	Adult	*35.00*
	Adult	
	Child	
	Child	
	Child	
32. Recreation & Entertainment (included related babysitting expenses, meals purchased away from home).		*80.00*
33. Tobacco Products & Alcohol		
34. Other (Child care, child support payments monthly insurance, alimony, etc.)		
35. **TOTAL MONTHLY EXPENSES**		*942.67*

1

[1]Excerpt taken from *Moving Out*. Reprinted with permission of Alberta Consumer and Corporate Affairs.

2. **Your Budget Analysis**

a. Let us suppose Ronnie has decided she wants to purchase a car. Would it be possible to save enough money for a down payment, make monthly car payments, budget for car insurance, repairs and gasoline on her salary? Explain.

b. Suggest several ways Ronnie could increase the money she saves each month in order to come closer to the goal of purchasing a car.

c. Do you feel this is a realistic amount of money for a young single person to be earning? Explain your answer. (Remember $943.00 is the take-home or net income after deductions.)

d. Can you suggest a different amount of money that you feel would be more realistic? Support your answer with good reasons.

Check Appendix A for comments and guides concerning this Activity.

2. Comments:

Students could discuss the price of a car purchase (down payment plus payments and operating costs) as a group. Through their activities and assignments they should now have become familiar with these costs.

Students may decide that a car would be difficult for Ronnie to finance unless, perhaps, she lived with one or several roommates in order to cut costs.

Many young people just out of school, with little experience, do not make more than Ronnie does. Class discussion could produce suggestions for training needed to increase starting wages.

Enrichment

Paul has a problem; he frequently runs out of money before payday.

Paul is going to school and works two nights a week and weekends. His take-home pay is $204.00 every two weeks. He is living at home and does not pay for rent or food. He pays $325.00 a month in car payments for the car he bought this spring. He spends a lot of time working on his car and driving around with his friends. They often stop at the drive-in hamburger stand for snacks.

Paul says he does not know where his money goes.

1. What is Paul spending his money on?

2. How could Paul have more control over how he spends his money?

3. Paul wants to register in the Electronics Engineering Technology program at the Northern Alberta Institute of Technology. How can he save the $1 100.00 needed for tuition and supplies for the first year?

Check Appendix A for comments concerning this Activity.

Enrichment

Comments:

This activity lends itself to use as a culminating activity for the section.

Students could analyse the case study of Paul as a group, determining his financial problems and devising a plan for better financial control.

Answers:

1. *Paul's money is being siphoned away by car expenses (including gas, repairs, car payments insurance) and by snack food.*

2. *Paul could sit down and prepare a survey of monthly expenses and then set himself a budget. There are certain fixed costs, such as car payments, car insurance and registration which are unavoidable. However, Paul could budget the amount of money he will put into car improvements, gas, and snack food each month. This will necessitate some changes in his use of leisure time.*

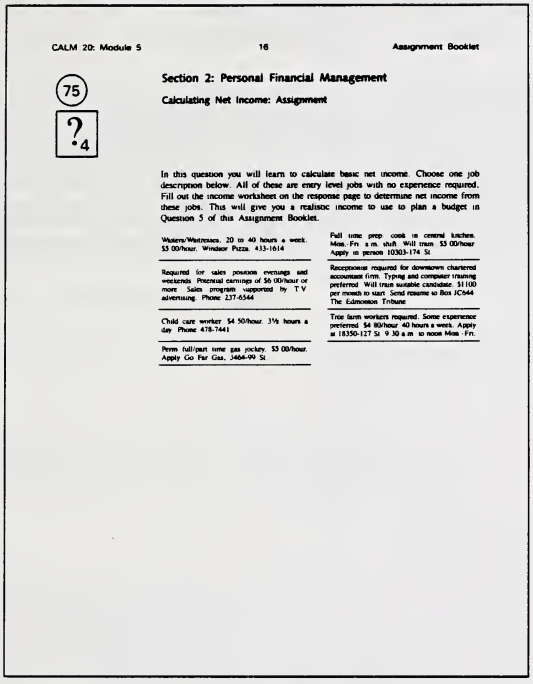
3. *Paul must decide which values deserve priority — his desire to train at NAIT, or his desire to keep his automobile running.*

   Since his car is siphoning off most of his paycheck, he may decide that he cannot afford this expense right now and sell his car. Then he can save towards his education.

   Paul may consider reducing his car payments by extending them over several more years and saving this balance towards his education.

   If he has almost finished buying his car, he could complete payments and then save the $325 per month towards his education.

Teacher-Assessed Assignments



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Section 2: Personal Financial Management

Calculating Net Income: Assignment

In this question you will learn to calculate basic net income. Choose one job description below. All of these are entry level jobs with no experience required. Fill out the income worksheet on the response page to determine net income from these jobs. This will give you a realistic income to use to plan a budget in Question 5 of this Assignment Booklet.

Waiters/Waitresses. 20 to 40 hours a week. $5.00/hour. Windsor Pizza. 433-1614

Required for sales position evenings and weekends. Potential earnings of $6.00/hour or more. Sales program supported by T.V. advertising. Phone 237-6544

Child care worker $4.50/hour. 3½ hours a day. Phone 478-7441

Perm. full/part time gas jockey. $5.00/hour. Apply Go Far Gas, 3404-99 St.

Full time prep. cook in central kitchen. Mon.-Fri. 8 a.m. shift. Will train. $5.00/hour. Apply in person 10303-174 St.

Receptionist required for downtown chartered accountant firm. Typing and computer training preferred. Will train suitable candidate. $1100 per month to start. Send resume to Box JC644 The Edmonton Tribune

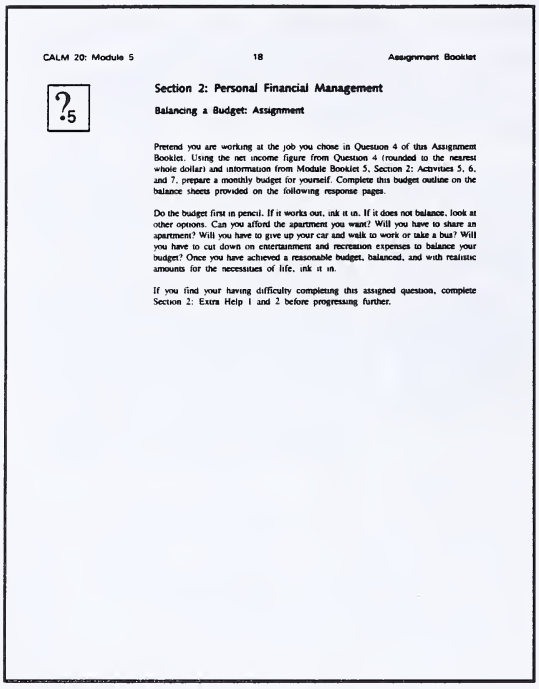
Tree farm workers required. Some experience preferred. $4.80/hour. 40 hours a week. Apply at 18350-127 St. 9:30 a.m. to noon Mon.-Fri.

Section 2: Question 4

Answers: (approximations)

Waiter/Waitress	*Sales*	*Child Care Worker*
1. *$200.00*	*$240.00*	*$180.00*
2. *$800.00*	*$960.00*	*$720.00*
3. *$120.00*	*$144.00*	*$108.00*
4. *$ 14.40*	*$ 17.28*	*$ 12.96*
5. *$134.40*	*$161.28*	*$120.96*
6. *$665.60*	*$798.72*	*$599.04*

Tree Farm Workers	*Gas Jockey*	*Cook*	*Receptionist*
1. *$192.00*	*$200.00*	*$200.00*	—
2. *$768.00*	*$800.00*	*$800.00*	*$1100.00*
3. *$115.20*	*$120.00*	*$120.00*	*$ 165.00*
4. *$ 13.82*	*$ 14.40*	*$ 14.40*	*$ 19.80*
5. *$129.02*	*$134.40*	*$134.40*	*$ 184.80*
6. *$638.98*	*$665.60*	*$665.60*	*$ 915.20*



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Section 2: Personal Financial Management

Balancing a Budget: Assignment

Pretend you are working at the job you chose in Question 4 of this Assignment Booklet. Using the net income figure from Question 4 (rounded to the nearest whole dollar) and information from Module Booklet 5, Section 2: Activities 5, 6, and 7, prepare a monthly budget for yourself. Complete this budget outline on the balance sheets provided on the following response pages.

Do the budget first in pencil. If it works out, ink it in. If it does not balance, look at other options. Can you afford the apartment you want? Will you have to share an apartment? Will you have to give up your car and walk to work or take a bus? Will you have to cut down on entertainment and recreation expenses to balance your budget? Once you have achieved a reasonable budget, balanced, and with realistic amounts for the necessities of life, ink it in.

If you find your having difficulty completing this assigned question, complete Section 2: Extra Help 1 and 2 before progressing further.

Section 2: Question 5

Comments:

See Section 2, Extra Help 2, for budget amount suggestions.

Most students will find that they must share expenses with a roommate in order to live independently on a close-to-minimum wage.

MONTHLY TAKE HOME INCOME

List only regular income, not money you receive for occasional overtime or moonlighting. List your take-home (net) income, that is, what you have left after deductions.

Source	MONTHLY AMOUNT
1. Wages/Salary [*from Assignment Booklet, Question 4*]	
2. Family Allowance [*only received if wage earner has a dependent child*]	
3. Other Regular Monthly Income [*Student may add income from babysitting, etc, here.*]	
4. **Total Monthly Take Home Income**	

IRREGULAR & ANNUAL EXPENSES

All figures on this chart should be annual, not monthly amounts.

Item		ANNUAL AMOUNT
5. Insurance (Do not include those payments which are deducted from your pay cheque).	Car	
	Life	
	Property [*on apartment furniture*]	
	Medical [*Alberta Health Care Insurance premiums*]	
6. Annual Vacation & Other Travel		
7. Christmas Expenses & Gifts		
8. Other Gifts & Contributions		
9. Car Maintenance		
10. Household Maintenance [*Must set some funds aside for this*]		
11. Car & Other Licenses		
12. Membership Fees		
13. Tuition & School Supplies		
14. Dental & Optical [*Must set some funds aside for this*]		
15. Taxes (if paid in an annual lump sum)		
16. Clothing [*No more than 10% of income*]		
17. Medication [*Must set some funds aside for this*]		
18. Other (Use these spaces to list other irregular & annual expenses or items you plan to purchase in the next year)		
19. Total Irregular & Annual Expenses (Add lines 5 to 18 inclusive)		
20. **Monthly Requirements for Irregular & Annual Expenses** (Divide line 19 by 12) [*Did student complete this calculation?*]		

MONTHLY EXPENSES

All figures on this chart should be monthly amounts.

Item		MONTHLY AMOUNT
21. Monthly Requirement for Irregular & Annual Expenses (Transfer from line 20) [*Did student transfer this amount?*]		
22. Savings	Emergency Fund [*Must set some funds aside here*]	
	Savings Fund	
23. Food (Plus other items bought at grocery store) [*Review Section 2, Activity 7*]		
24. Housing (Mortgage or rent and parking) [*Review Section 2, Activity 5*]		
25. Utilities [*Water and natural gas charges often covered by apartment rent.*]	Light	
	Water/Sewage	
	Local Telephone	
	Long Distance Telephone	
	Natural Gas	
	Cable T.V. [*Can this be afforded?*]	
26. Household Incidentals (Newspaper, coin laundry, etc.)		
27. Gasoline		
28. Bus Fares, Taxis, Parking		
29. Payments (List each of your creditors and the monthly amount owing.)		
30. Personal Allowance (Personal items such as cosmetics and hair cuts, money for work or school related items).	Adult	
	Adult	
	Child	
	Child	
	Child	
31. Recreation & Entertainment (included related babysitting expenses, meals purchased away from home).		
32. Tobacco Products & Alcohol		
33. Other (Child care, child support payments monthly insurance, alimony, etc.)		
34. **TOTAL MONTHLY EXPENSES** [*This amount should balance with total monthly net income.*]		[1]

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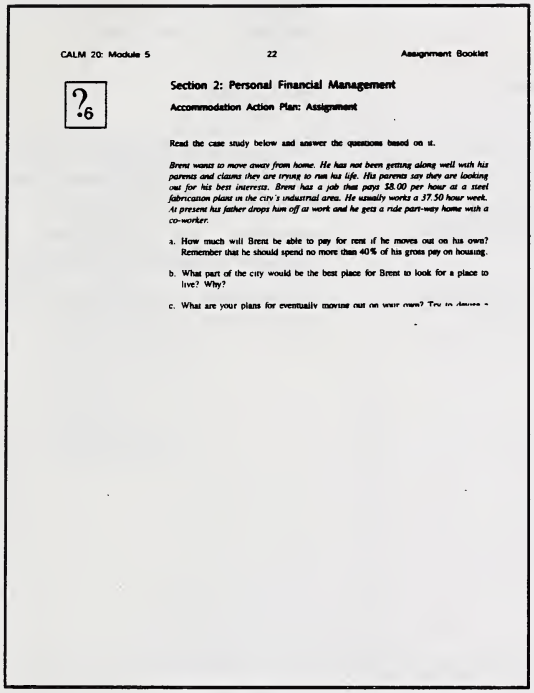

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Section 2: Personal Financial Management

Accommodation Action Plan: Assignment

Read the case study below and answer the questions based on it.

Brent wants to move away from home. He has not been getting along well with his parents and claims they are trying to run his life. His parents say they are looking out for his best interests. Brent has a job that pays $8.00 per hour at a steel fabrication plant in the city's industrial area. He usually works a 37.50 hour week. At present his father drops him off at work and he gets a ride part-way home with a co-worker.

a. How much will Brent be able to pay for rent if he moves out on his own? Remember that he should spend no more than 40% of his gross pay on housing.

b. What part of the city would be the best place for Brent to look for a place to live? Why?

c. What are your plans for eventually moving out on your own? Try to devise a

Section 2: Question 6

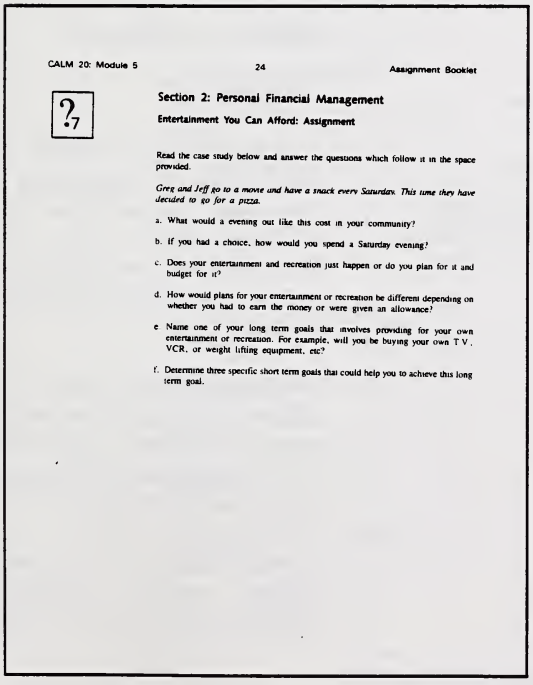
Answers:

a. *Brent's reliable gross pay, weekly is $8 x 37.5 hrs = $300.00. This would be a monthly (4 week) gross pay of $1200.00.*

40% of 1200.00 = $480.00 maximum monthly on rent. (preferably less)

b. *Brent should attempt to live close to work so he need not rely on others for transportation and to save transportation costs.*

c. *The learning facilitator should note whether the students' plans for independent living are realistic and possible. Make helpful suggestions and/or ask pertinent questions concerning these plans.*



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Section 2: Personal Financial Management

Entertainment You Can Afford: Assignment

Read the case study below and answer the questions which follow it in the space provided.

Greg and Jeff go to a movie and have a snack every Saturday. This time they have decided to go for a pizza.

a. What would a evening out like this cost in your community?

b. If you had a choice, how would you spend a Saturday evening?

c. Does your entertainment and recreation just happen or do you plan for it and budget for it?

d. How would plans for your entertainment or recreation be different depending on whether you had to earn the money or were given an allowance?

e Name one of your long term goals that involves providing for your own entertainment or recreation. For example, will you be buying your own T V, VCR, or weight lifting equipment, etc?

f. Determine three specific short term goals that could help you to achieve this long term goal.

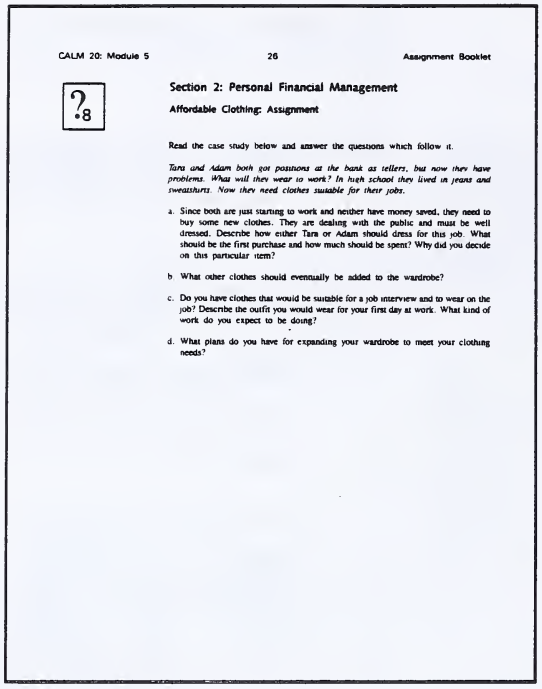
Section 2: Question 7

Comments:

The learning facilitator should review student's answers for appropriate comments.

Answers:

a. *Pizza — $12 - $15*
Beverage — $ 1 - $ 2
Movie — $ 6 - $ 8
Total = $13 - $16 each



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Section 2: Personal Financial Management

Affordable Clothing: Assignment

Read the case study below and answer the questions which follow it.

Tara and Adam both got positions at the bank as tellers, but now they have problems. What will they wear to work? In high school they lived in jeans and sweatshirts. Now they need clothes suitable for their jobs.

a. Since both are just starting to work and neither have money saved, they need to buy some new clothes. They are dealing with the public and must be well dressed. Describe how either Tara or Adam should dress for this job. What should be the first purchase and how much should be spent? Why did you decide on this particular item?

b. What other clothes should eventually be added to the wardrobe?

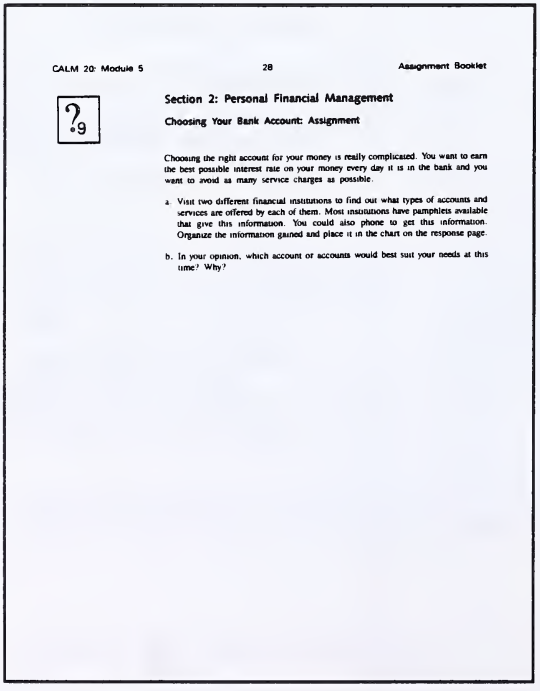
c. Do you have clothes that would be suitable for a job interview and to wear on the job? Describe the outfit you would wear for your first day at work. What kind of work do you expect to be doing?

d. What plans do you have for expanding your wardrobe to meet your clothing needs?

Section 2: Question 8

Comments:

The learning facilitator should check the student's answers to make sure their ideas of a suitable wardrobe for working and attending job interviews is realistic. Students could be encouraged to begin to add articles of clothing to their wardrobe suitable for wear to work.



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Section 2: Personal Financial Management

Choosing Your Bank Account: Assignment

Choosing the right account for your money is really complicated. You want to earn the best possible interest rate on your money every day it is in the bank and you want to avoid as many service charges as possible.

a. Visit two different financial institutions to find out what types of accounts and services are offered by each of them. Most institutions have pamphlets available that give this information. You could also phone to get this information. Organize the information gained and place it in the chart on the response page.

b. In your opinion, which account or accounts would best suit your needs at this time? Why?

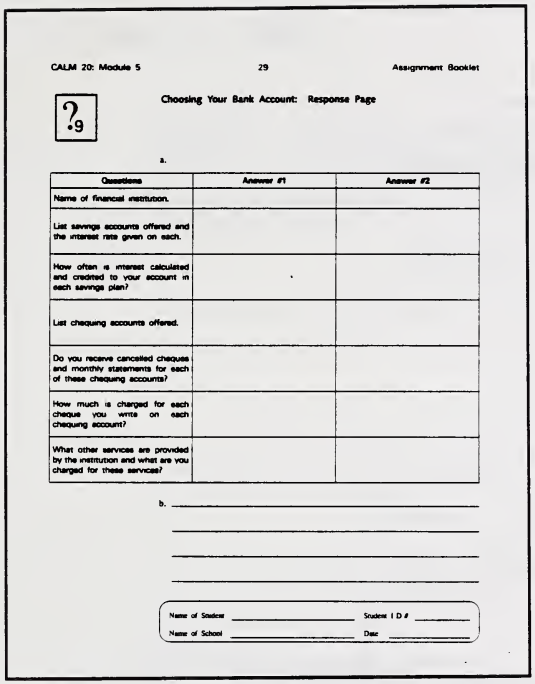
Section 2: Question 9

Comments:

It is important that students begin to feel comfortable approaching financial institutions. Students may visit financial institutions alone, in pairs, or small groups. Personnel from several financial institutions could be invited into the classroom as guest speakers.

It is important that students recognize the difference in purpose between savings and chequing accounts. They should recognize the advantages and disadvantages of various savings and chequing plans.

It is also important that students recognize auxiliary services provided by these institutions and the cost of these services.



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Choosing Your Bank Account: Response Page

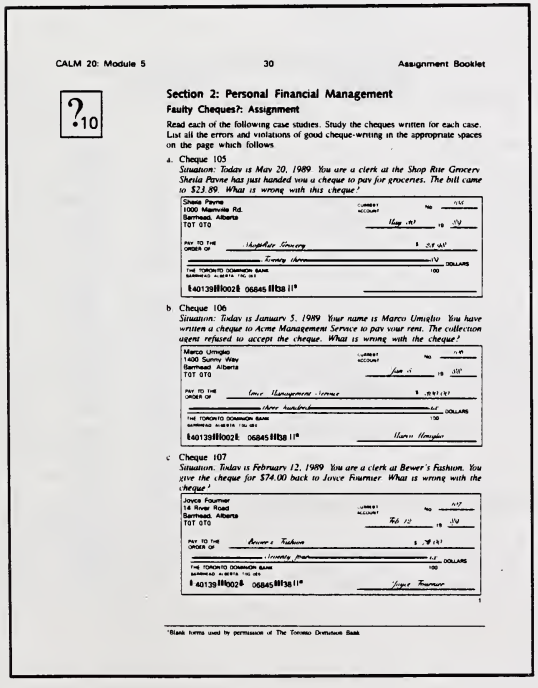
a.

Questions	Answer #1	Answer #2
Name of financial institution.		
List savings accounts offered and the interest rate given on each.		
How often is interest calculated and credited to your account in each savings plan?		
List chequing accounts offered.		
Do you receive cancelled cheques and monthly statements for each of these chequing accounts?		
How much is charged for each cheque you write on each chequing account?		
What other services are provided by the institution and what are you charged for these services?		

b. _____

Name of Student _____ Student I D # _____

Name of School _____ Date _____



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Section 2: Personal Financial Management

Faulty Cheques?: Assignment

Read each of the following case studies. Study the cheques written for each case. List all the errors and violations of good cheque-writing in the appropriate spaces on the page which follows.

a. Cheque 105

Situation: Today is May 20, 1989. You are a clerk at the Shop Rite Grocery. Sheila Payne has just handed you a cheque to pay for groceries. The bill came to $23.89. What is wrong with this cheque?

Sheila Payne
1000 Marinvale Rd.
Barrhead, Alberta
T0T 0T0

CURRENT ACCOUNT No. 111

May 20 19 90

PAY TO THE ORDER OF Shoppers Grocery $ 24.00

Twenty three 00 DOLLARS

THE TORONTO DOMINION BANK
BARRHEAD, ALBERTA, T0G 0E0

100

⑆40139⑈002⑆ 06845⑈38⑈

b Cheque 106

Situation: Today is January 5, 1989. Your name is Marco Umiglio. You have written a cheque to Acme Management Service to pay your rent. The collection agent refused to accept the cheque. What is wrong with the cheque?

Marco Umiglio
1400 Sunny Way
Barrhead Alberta
T0T 0T0

CURRENT ACCOUNT No. 111

Jan 5 19 90

PAY TO THE ORDER OF Acme Management Service $ 691.00

Six hundred DOLLARS

THE TORONTO DOMINION BANK
BARRHEAD, ALBERTA, T0G 0E0

100

⑆40139⑈002⑆ 06845⑈38⑈

Marco Umiglio

c Cheque 107

Situation: Today is February 12, 1989. You are a clerk at Bewer's Fashion. You give the cheque for $74.00 back to Joyce Fournier. What is wrong with the cheque?

Joyce Fournier
14 River Road
Barrhead, Alberta
T0T 0T0

CURRENT ACCOUNT No. 117

Feb 12 19 90

PAY TO THE ORDER OF Bewer's Fashion $ 74.00

Seventy four DOLLARS

THE TORONTO DOMINION BANK
BARRHEAD, ALBERTA, T0G 0E0

100

⑆40139⑈002⑆ 06845⑈38⑈

Joyce Fournier

*Blank forms used by permission of The Toronto Dominion Bank

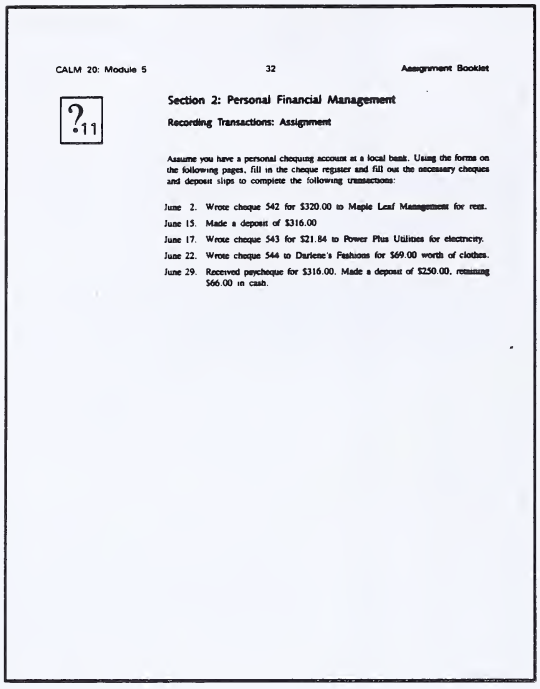
Section 2: Question 10

Answers:

a. *This cheque is unsigned, and there is a discrepancy in the amount of the cheque recorded (23.98 vs 23.89). Also, the cheque is postdated, which would cause difficulty in cashing it.*

b. *This cheque is staledated. This is a common problem in January of a new year. The name of the management service is misspelled.*

c. *Joyce Fournier should have completely crossed out the error for the amount of the cheque and written the proper amount. She should have initialled the correction.*



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Section 2: Personal Financial Management

Recording Transactions: Assignment

Assume you have a personal chequing account at a local bank. Using the forms on the following pages, fill in the cheque register and fill out the necessary cheques and deposit slips to complete the following transactions:

June 2. Wrote cheque 542 for $320.00 to Maple Leaf Management for rent.
June 15. Made a deposit of $316.00
June 17. Wrote cheque 543 for $21.84 to Power Plus Utilities for electricity.
June 22. Wrote cheque 544 to Darlene's Fashions for $69.00 worth of clothes.
June 29. Received paycheque for $316.00. Made a deposit of $250.00, retaining $66.00 in cash.

Section 2: Question 11

Answers:

Date	No.	Particulars	Cheques		Deposits		Balance	
		To					Cheque or Dep.	427 91
		For					Bal.	
June 2	542	To Maple Leaf Management	320 00				Cheque or Dep.	
		For Rent					Bal.	107 91
June 15		To			316 00		Cheque or Dep.	
		For					Bal.	423 91
June 17	543	To Power Plus	21 84				Cheque or Dep.	
		For Electricity					Bal.	402 07
June 22	544	To Darlene's Fashions	69 00				Cheque or Dep.	
		For Clothes					Bal.	333 07
June 29		To			250 00		Cheque or Dep.	
		For					Bal.	583 07

542

June 2 19 88

PAY TO THE ORDER OF Maple Leaf Management $ 320.00

Three hundred and twenty xx DOLLARS

100

THE TORONTO DOMINION BANK
SOMEWHERE, ALBERTA

John Doe

June 15 19 88

John Doe
DEPOSITED BY

THE TORONTO DOMINION BANK
SOMEWHERE, ALBERTA

CURRENCY	316	00
COIN		
CHEQUES OR COUPONS (List on Reverse if Necessary)		
TOTAL	316	00
LESS Received in Cash		
Signature		
AMOUNT OF DEPOSIT $	316	00

543

June 17 19 88

PAY TO THE ORDER OF Power Plus Utilities $ 21.84

Twenty one 84 DOLLARS

100

THE TORONTO DOMINION BANK
SOMEWHERE, ALBERTA

John Doe

544

June 22 19 88

PAY TO THE ORDER OF Darlene's Fashions $ 69.00

Sixty-nine xx/100 DOLLARS

THE TORONTO DOMINION BANK
SOMEWHERE, ALBERTA

John Doe

June 29 19 88

John Doe
DEPOSITED BY

THE TORONTO DOMINION BANK
SOMEWHERE, ALBERTA

CURRENCY		
COIN		
CHEQUES OR COUPONS (List on Reverse if Necessary)	316	00
TOTAL	316	00
LESS Received in Cash	66	00
John Doe (Signature)		
AMOUNT OF DEPOSIT $	250	00

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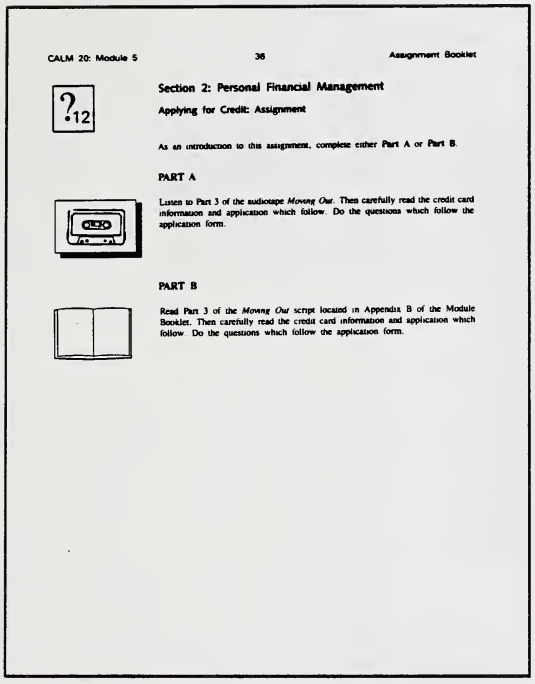

CALM 20: Module 5 36 Assignment Booklet

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Section 2: Personal Financial Management

Applying for Credit: Assignment

As an introduction to this assignment, complete either Part A or Part B.

PART A

Listen to Part 3 of the audiotape *Moving Out*. Then carefully read the credit card information and application which follow. Do the questions which follow the application form.

PART B

Read Part 3 of the *Moving Out* script located in Appendix B of the Module Booklet. Then carefully read the credit card information and application which follow. Do the questions which follow the application form.

CALM 20: Module 5 37 Assignment Booklet

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Applying for Credit: Assignment (continued)

Homecard Cardholder Agreement

In CONSIDERATION for The Canada Trust Company ("Canada Trust") accepting my Application and opening an account in my name through which Canada Trust may advance funds on my direction or satisfaction of indebtedness to I may incur with Home Hardware Stores Limited ("Merchant") or such other person as Canada Trust may allow I/we hereby agree with Canada Trust as follows

1 I authorize and direct Canada Trust to advance to the Merchant on my behalf such funds (each advance of funds and the total of all advances termed "Advance") as are necessary to satisfy my indebtedness to the Merchant on account of goods or services received by me Each transaction slip ("Transaction Slip") bearing my account number and signed by me (or my Co-Applicant if any, or other person in possession of a HomeCard issued to me) shall constitute this direction and authority to Canada Trust to make such Advance Such Transaction Slips shall be part of this Agreement and subject to all its terms

2 I request a HOMECARD and renewals or replacements thereof from time to time at the discretion of Canada Trust and if a HOMECARD is issued I agree to abide by the terms and conditions of the HOMECARD Cardholder Agreement, accompanying the card, and agree that such HOMECARD Cardholder Agreement, as amended from time to time by Canada Trust shall form part of this Agreement

3 I will pay Canada Trust the full amount of each Advance in compliance with payment terms as may be offered from time to time and in accordance with my obligations to pay interest on such Advance

4 Time shall be of the essence in this Agreement I will pay the total of all Advances to Canada Trust by the due date appearing on each statement sent by Canada Trust to me either

(i) in full,

(ii) by installment payments equal to at least the greater of $10 00 or 5% of the outstanding balance shown on the statement

In the event the balance is not paid in full, I will pay interest to Canada Trust at an annual rate of 28 8% (2 4% per month) or any other rate as may be notified to me from time to time, on all Advances from the date the Advance is charged to the account Such Advance together with interest called "indebtedness") Where interest is payable, examples of interest charges are as follows (using a 24 8% annual rate of 2 4% per month)

Outstanding Indebtedness	$100 00	$200 00	$300 00
Monthly Interest	$2 40	$4 80	$7 20

Payments made for less than the full balance shall be applied by Canada Trust in the following order

Interest charges, previously billed purchases, dishonoured cheque fees and current purchases

5 I will not permit my indebtedness to Canada Trust to exceed such credit limit as may be established by Canada Trust for me from time to time, and I further agree if Canada Trust permits indebtedness to exceed the credit line, this Agreement will apply to the excess

6 I will remain liable for all indebtedness notwithstanding any variation of interest terms by Canada Trust in any statement or notice rendered according to Paragraph 4 hereof

Section 2: Question 12

Answers:

a. *You are asked to list other creditors. Your credit rating with these creditors can then be checked.*

b. *You are asked what other debts you have. You are asked your annual income. A comparison of these figures should be a rough indicator of your capacity to pay a new debt. You are asked about current and past employment, job stability may be checked using this information.*

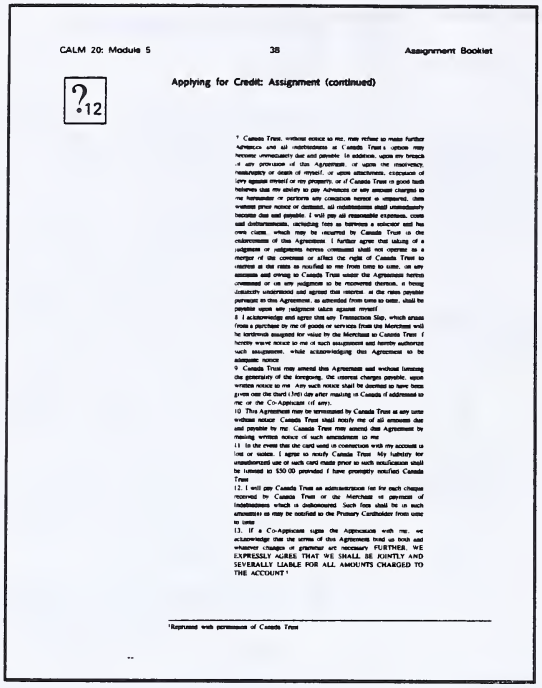
c. *You are asked whether you own your home, the value of the home, and the amount owing on it. You are asked what savings you have.*

d. *You are agreeing to an interest rate of 28.8% per year or 2.4% on any unpaid balance every month.*

e. *You are agreeing to the following terms of repayment:*

- *Payment must be by the due date.*
- *If payment is not in full, the minimum payment must be 5% of the outstanding balance, or $10, whichever is greater. Interest on the unpaid balance will be charged.*
- *Payments of less than the full balance are applied first to interest charges, then to previous purchases, next to dishonoured cheque fees, and last to current purchases.*
- *At Canada Trust's option, all money owed may become immediately due and payable.*
- *Interest rates may be amended and the cardholder notified.*
- *Any cosigner of the agreement is equally liable to repay all debts.*

f. The learning facilitator may suggest methods of establishing a credit rating.



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Applying for Credit: Assignment (continued)

7 Canada Trust, without notice to me, may refuse to make further Advances and all indebtedness to Canada Trust's options may become unnecessarily due and payable. In addition, upon my breach of any provision of this Agreement or upon the insolvency, bankruptcy or death of myself, or upon attachments, execution or levy against myself or my property, or if Canada Trust in good faith believes that my ability to pay Advances or any amount charges to me hereunder or performs any obligation hereof is impaired, then without prior notice or demand, all indebtedness shall immediately become due and payable. I will pay all reasonable expenses, costs and disbursements, including fees as between a solicitor and his own client, which may be incurred by Canada Trust in the enforcement of this Agreement. I further agree that taking of a judgment or judgments hereon commenced shall not operate as a merger of the covenant or affect the right of Canada Trust to interest at the rates as notified to me from time to time, on any amounts and owing to Canada Trust under the Agreement hereon covenanted or on any judgment so be recovered thereon, a breach judgment understood and agreed that interest at the rates payable pursuant to this Agreement, as amended from time to time, shall be payable upon any judgment taken against myself.

8 I acknowledge and agree that any Transaction Slip, which arises from a purchase by me of goods or services from the Merchant will be tendered assigned for value by the Merchant to Canada Trust. I hereby waive notice to me of such assignment and hereby authorize such assignment, while acknowledging this Agreement to be adequate notice.

9 Canada Trust may amend this Agreement and without limiting the generality of the foregoing, the interest charges payable, upon written notice to me. Any such notice shall be deemed to have been given one (one) clear business day after mailing to Canada if addressed to me or the Co-Applicant (if any).

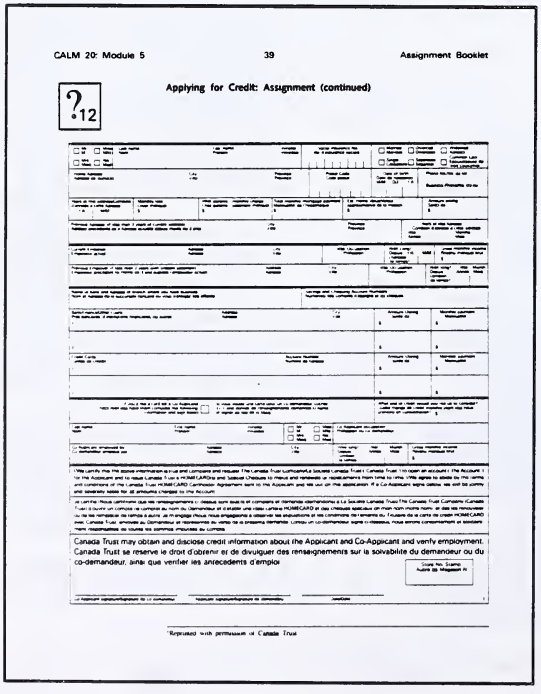
10 This Agreement may be terminated by Canada Trust at any time without notice. Canada Trust shall notify me of all amounts due and payable by me. Canada Trust may amend this Agreement by mailing written notice of such amendment to me.

11 In the event that the card used in connection with my account is lost or stolen, I agree to notify Canada Trust. My liability for unauthorized use of such card made prior to such notification shall be limited to $50.00 provided I have promptly notified Canada Trust.

12 I will pay Canada Trust an administration fee for each cheque received by Canada Trust or the Merchant as payment of indebtedness which is dishonoured. Such fees shall be in such amount(s) as may be notified to the Primary Cardholder from time to time.

13. If a Co-Applicant signs the Application with me, we acknowledge that the terms of this Agreement bind us both and whenever changes or grammar are necessary FURTHER, WE EXPRESSLY AGREE THAT WE SHALL BE JOINTLY AND SEVERALLY LIABLE FOR ALL AMOUNTS CHARGED TO THE ACCOUNT.[1]

[1]Reproduced with permission of Canada Trust



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Applying for Credit: Assignment (continued)

Canada Trust may obtain and disclose credit information about the Applicant and Co-Applicant and verify employment. Canada Trust se réserve le droit d'obtenir et de divulguer des renseignements sur la solvabilité du demandeur ou du co-demandeur, ainsi que vérifier les antécédents d'emploi

[1]Reproduced with permission of Canada Trust

Applying for Credit: Assignment (continued)

Answer the questions below which concern applying for credit. Base your answers on what you've just read.

a. How does Canada Trust ask for information to assess your character as a potential credit card customer?

b. List two ways your capacity or ability to repay the credited amount is assessed.

c. List two ways the lending institution assesses your capital or material assets.

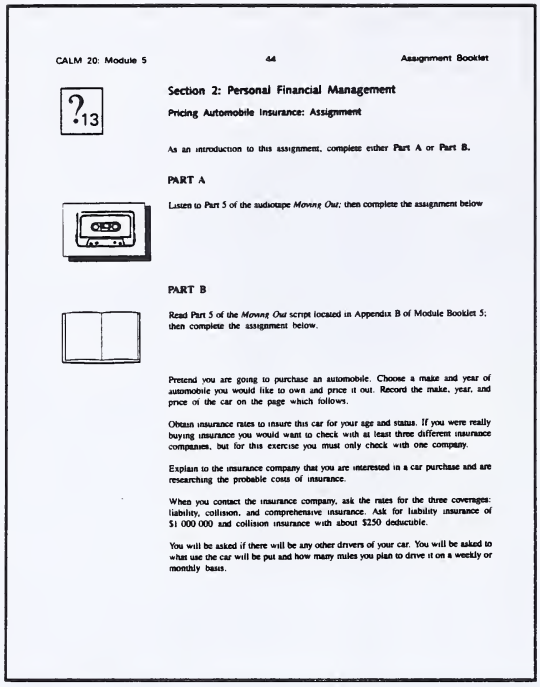
d. At what interest rate are you agreeing to repay the credited amount?

e. What terms of repayment are you agreeing to when you sign the application form?

Applying for Credit: Assignment (continued)

f. Describe how you feel about buying on credit. Include experiences of family and friends. Compare your opinions with those of your family.

g. If you applied for the credit card for which you have the application form, do you think you would be given it? Why or why not?



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Section 2: Personal Financial Management

Pricing Automobile Insurance: Assignment

As an introduction to this assignment, complete either Part A or Part B.

PART A

Listen to Part 5 of the audiotape *Moving Out;* then complete the assignment below

PART B

Read Part 5 of the *Moving Out* script located in Appendix B of Module Booklet 5; then complete the assignment below.

Pretend you are going to purchase an automobile. Choose a make and year of automobile you would like to own and price it out. Record the make, year, and price of the car on the page which follows.

Obtain insurance rates to insure this car for your age and status. If you were really buying insurance you would want to check with at least three different insurance companies, but for this exercise you must only check with one company.

Explain to the insurance company that you are interested in a car purchase and are researching the probable costs of insurance.

When you contact the insurance company, ask the rates for the three coverages: liability, collision, and comprehensive insurance. Ask for liability insurance of $1 000 000 and collision insurance with about $250 deductible.

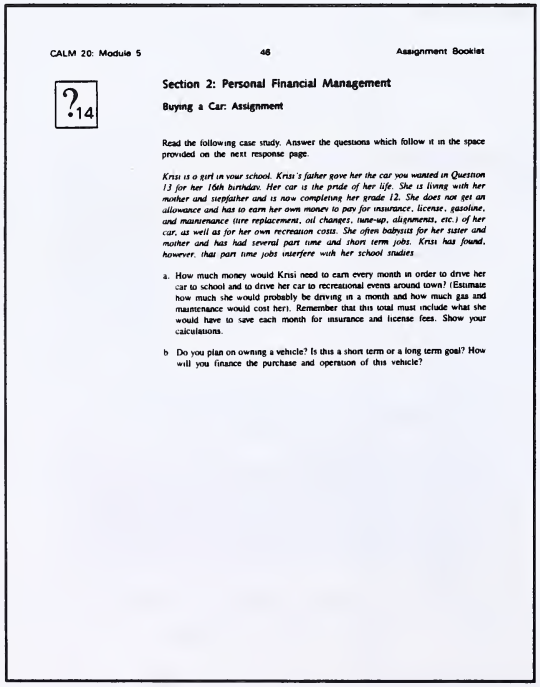
You will be asked if there will be any other drivers of your car. You will be asked to what use the car will be put and how many miles you plan to drive it on a weekly or monthly basis.

Section 2: Question 13

Comments:

Students may be surprised at how high insurance rates are for persons in their age group, especially when insuring automobiles that are sports models. These realities could be discussed as a class group.

A guest speaker from an insurance company would make an very useful addition to the course at this point. This would facilitate discussion of insurance rates and the meaning of various insurance terms.



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Section 2: Personal Financial Management

Buying a Car: Assignment

Read the following case study. Answer the questions which follow it in the space provided on the next response page.

Krisi is a girl in your school. Krisi's father gave her the car you wanted in Question 13 for her 16th birthday. Her car is the pride of her life. She is living with her mother and stepfather and is now completing her grade 12. She does not get an allowance and has to earn her own money to pay for insurance, license, gasoline, and maintenance (tire replacement, oil changes, tune-up, alignments, etc.) of her car, as well as for her own recreation costs. She often babysits for her sister and mother and has had several part time and short term jobs. Krisi has found, however, that part time jobs interfere with her school studies.

a. How much money would Krisi need to earn every month in order to drive her car to school and to drive her car to recreational events around town? (Estimate how much she would probably be driving in a month and how much gas and maintenance would cost her). Remember that this total must include what she would have to save each month for insurance and license fees. Show your calculations.

b Do you plan on owning a vehicle? Is this a short term or a long term goal? How will you finance the purchase and operation of this vehicle?

Section 2: Question 14

Comments:

A learning facilitator could stress the sacrifices made in other areas of life in order to drive a car during the late teens when earnings are usually low and insurance is high. Priorities and values must be carefully considered.

Answers:

a. Insurance: $720 per year
= 720/12 = $60 per month

License: $40 per year
= 40/12 = $3.50 per month

Gasoline: $60 per month (minimum)

Maintenance: $30 per month (minimum)

Total: $154 per month (approx.)

Module Summary

Students living with their families are often quite unaware of the planning and decision making involved in building and managing one's individual lifestyle. It is to be hoped that this module will have reduced much student naivety in this regard and will have provided students with several skills they will need to live independently.

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